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# FORDISM

FORD AND THE WORKERS

FORD AND THE COMMUNITY

*By* CARL RAUSHENBUSH

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## TABLE OF CONTENTS

	PAGE
THE FIRM HAND .....	3
THE FORD LEGEND .....	5
<b>FORD AND THE WORKERS</b> .....	8
NO ONE IS INDISPENSABLE .....	8
THE SERVICE DEPARTMENT .....	13
DISCRIMINATION ...	18
INTIMIDATION .....	22
ORGANIZATION FROM ON HIGH? .....	29
FORD'S MILITARY STRENGTH .....	34
INDUSTRY AGAINST UNION .....	36
<b>FORD AND THE COMMUNITY</b> .....	39
POLICE AND POLITICS .....	39
TAXES AND REINVESTED PROFITS .....	42
UNEMPLOYMENT AND RELIEF .....	47
HEALTH, SAFETY, AND COMPENSATION .....	52
DECLINE OF FORD'S POWER OVER THE COMMUNITY	59
<b>BOOKS AND ARTICLES ON FORD.</b> .....	61
<b>ADDITIONAL INFORMATION ON FORD WAGES.</b> .....	63

# FORDISM

## *The Firm Hand*

**O**N THE industrial field in America, two formidable antagonists stand opposed—the United Automobile Workers, backed by the CIO, and the Ford Motor Company, backed by all the anti-union forces of America. The company is fighting for a principle—the *principle of autocracy in industry*. The union men want better conditions on the job. They also want to have jobs made available on a basis of equality, not dependent on political connections or subject to arbitrary firings. To them this is the matter of *principle*. Their method for restraining autocracy is the method of *collective bargaining*.

In Detroit's first Labor Day parade in 20 years, the Ford employees who marched wore masks, to show that they would be arbitrarily fired if the company knew they had taken part. For many of the Ford employees marching in September 1937, the events of Wednesday May 26 had marked the turning point in their attitude toward unionism. On that day members of the United Automobile Workers (UAW) went to the Ford plant in Dearborn, outside Detroit, to distribute leaflets to the arriving afternoon shift, and, more especially, to men in the departing morning shift, who would be less afraid to keep the leaflets. Many of the distributors were women volunteers, wearing green berets and arm bands. They stationed themselves at various exits, but mostly at the main one. Here, at Gate 4, an overpass takes the workers out of the plant, to the terminus of the street car company. Several officials of the union went up on the overpass to survey the situation. They had no hand bills. Men in street clothes accosted them and told them that they were on private property and that they'd "better get the hell out of here." The officers started to move away, but not fast enough to escape the men who ganged up on each of them. The news photographs (those which the camera-men saved from being smashed) show that this was no case of getting trespassers to leave. The unionists were given no chance to leave, but were set upon, beaten, knocked down, kicked in the face, the ribs, the groin, the stomach, and finally kicked down the long flight of concrete steps

leading to the street. Every time they got up to move they were set upon again.

The women were arriving on street cars. The company agents attacked them and shoved them back in the cars. One of the women later testified that when she got off two men twisted her arms and took away her leaflets. Later she saw the young unionist who was in charge of their group pummeled and kicked by three or four men as he lay on the ground. (His spine was severely injured.) She tried to pull off the attackers.

"Then someone grabbed me from behind and someone pushed me from the front and I fell down. When I was down someone kicked me in the stomach. I got up but I was knocked down again. Three men started to beat me with their fists and they started dragging me toward a street car. There were other girls, too, they were kicking at."

A reporter testified that, everywhere he looked, four or five men were kicking some unionist around. Another said that none of the union people were fighting back except a girl "who was kicking at men who were punching at her."

At the other gates similar attacks took place. One man, who went to the hospital for ten days with internal hemorrhages, still showed the marks when he testified six weeks later. He said that he was distributing leaflets alone; that a green sedan drew up and four or five men got out and proceeded to beat him up.

"After the first blows my body went numb all over. The other blows were just jars that didn't seem to hurt."

The men let him drop to the ground and then picked him up and beat him again. One of them he identified as Sam Taylor, president of the Knights of Dearborn, who had been photographed in action at Gate 4 earlier.

Most of the photographers' plates were broken by company agents and the Dearborn police had conveniently looked the other way. But the victims were alive to testify and the Ford company and eight of the agents were slated for trial for that quarter-hour's work. The company's excuse for these activities of its agents is that it wished to prevent trespass. The company's *reason* undoubtedly was that it wanted to scare off all organizers. It also expected that this action would intimidate its employees. Instead, most of them reacted against it, and the many workers who detest the company's labor policy to

begin with were strong in their resentment. While it is not known how many thousands joined, four months later organization had proceeded so far that union meetings were no longer called in strict secrecy—but they were *not* held in the town of Dearborn.

### *The Ford Legend*

IF HENRY FORD has had some lucky breaks in his life, they are nothing compared to those of the Ford company's W. J. Cameron. Mr. Cameron is a pretty smart publicity man, but he could hardly reproduce artificially the reflexes that have resulted from automobile-conscious America spending its formative years with Ford cars wherever one looked. These reflexes, plus Mr. Cameron, brought it about that in *Fortune's* poll of the American public in the summer of 1937—61 percent of those polled thought first of Henry Ford when asked whether there was a well-known business man of whom they approved. It would have seemed that the public was not affected by his anti-union attitude—except that he also polled 18 percent of the votes when people were asked to name a business man of whom they *disapproved*.<sup>1</sup>

It seems clear that most Americans have looked on Ford's as the acme of public spirit, the peak in beneficence to worker and consumer, in contrast to the ordinary company, interested only in piling up profits for its stockholders. People think that the Ford company is not an impersonal aggregation of officials and dividend-demanders; after all it is owned by a family, the Ford family, and run by Henry Ford, the engineer of the people. Moreover this Henry Ford is clearly not much different from the next fellow—somewhat strait-laced perhaps and sometimes inclined to want everybody to fit his model, but clearly no superman. He started as a poor farm-boy. The sub-conscious conclusion of many people is the same as the one that Ford himself has uttered aloud—that anybody can do what he has done in this land of opportunity.

Americans cannot, however, help noticing the great impersonal corporations which dominate the American scene. And then, if they make comparisons, they find that the Ford organization is a cor-

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<sup>1</sup> On Cameron, see Pinney in *Nation*, Oct. 11, 1937, pp. 374-6. For poll, see *Fortune*, Oct., 1937, pp. 164-9.



poration like other corporations. To study it is to study the ways of all big enterprises. More, it is a model for corporations, a model of how to maintain a good repute and a lawless spirit at the same time.

The Ford legend exists because Henry Ford's sermons on questions of business practice and public policy are taken at face value. Ford has perhaps chiefly impressed the public with his belief that men should be paid high wages. But the company's performance has fallen short of his pronouncements—not long after its \$5-a-day announcement in 1914 its rates were cut in half by rising prices, and in 1937 they fell behind the rest of the industry. During the period when it paid higher rates its reasons have been not humanitarian but business reasons. The advantage gained by the workers has been a by-product. The business reasons are two. First, a higher wage scale is good advertising. Second, it attracts better men and keeps them from quitting in disgust at the terrific speed of the work. Before the \$5 was instituted, the labor turnover was 400 percent a year. With the \$5 rate this disruptive turnover dropped to 33 percent. It was obviously good business.

Henry Ford reminds business men that they can have mass production—can sell—only if the workers have money to buy. This does not mean—of course—that the Ford Motor Company keeps on its employees in depression, when it is unprofitable to do so. Moreover, Henry Ford ignores the question as to whether employers generally can ever respond to this reminder. His continual reference to the idea, with no program to back it up, is ingenuous thinking and ingenious advertising.

Ford has gained a reputation as a peace maker. In 1915 he felt that American mediation to stop the European War should be tried, but, unfortunately, he did not stop to look before he leaped. He later sensed, correctly, that the Preparedness campaign of 1916 was a danger to our peace, and he was willing to spend his money in an attempt to sweep back the tide of militarism.

It cannot be denied that these views have a great moral and social virtue. Like all Americans, Henry Ford believes that hunger is evil and should be abolished. Like all Americans he believes in peace.

But, while he has publicized such views to his great gain, he has failed to offer any intelligent or constructive way to realize his aims.

Hunger is to be abolished by producing more goods—but how? Seasonal, cyclical and technological unemployment all remain sharp problems in Ford's own jurisdiction. We must have peace—but how are we to get it? Not by doing an improved mediation job *after* the next general war starts, nor (as Henry Ford recommended in a 1937 interview) trusting nations to “shrink in horror” *after* engines of war have become *really* destructive.

Ford's one real contribution to the world he lives in has been mechanical improvements. There he—and his managers—have helped the world to move ahead. But he has far wider pretensions, all accepted by a public which feels that half a billion dollars can't be wrong. They make up a legend of Ford statesmanship and magnanimity. Whether this beautiful theory is characteristic or whether the ugly fact of assault and battery on women unionists is characteristic should be clearer at the end of this case study of Ford's, the typical American business, even though there is not room to cover all its many aspects and self-contradictions.

The first part of the study, “Ford and the Workers,” shows that the company uses its economic power to prevent any measure of industrial democracy. The second, “Ford and the Community,” shows that the Ford company subverts political democracy for company aggrandizement. It will appear that the company, when its rule is threatened, is quick to maintain that rule by fostering organizations of middle-class people and also of manual workers, for action against strikers—organizations whose existence constitutes a threat to our ancient liberties.

This is a study of the Ford Motor Company, not of Henry Ford. His dominance over the company has declined very much in the last few years, the years with which we are chiefly concerned. While the man and the company are often confused, yet the same poll which showed 61 percent approval of Henry Ford showed only 20 percent approval of the company.

It is the power, economic and political, conferred upon the wealthy which is feared and fought in the United States, rather than wealth as a means of commanding the good things of life. . . . It is big business and monopolies that are hated, not Mr. Ford and Mr. Rockefeller.<sup>1</sup>

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<sup>1</sup> Fritz Lehmann, “Distribution of Wealth,” in *Political and Economic Democracy*, edited by Ascoli and Lehmann (1937), p. 166.

## FORD AND THE WORKERS

**N**ot long ago, a Ford worker was called to the superintendent's desk. When he arrived, the superintendent asked him whether he belonged to the union. At the question, the worker fainted dead away. Why?

The Ford worker is under constant and insistent supervision, in order to keep his nose to the grindstone and his tongue from talking union. Discharge is the penalty of disobedience, and fear of this penalty increases the worker's job-insecurity—insecurity already great because of the ups and downs of auto production and because of Ford's refusal to establish a seniority system. Supervision by foremen is supplemented at Ford's by a "service department" assisted by a spy system. The Ford company refuses recognition to any union, crusades against all unions, fires union members. It has organizers assaulted, and fosters anti-union organizations.

### NO ONE IS INDISPENSABLE

**M**ost Ford employees in the United States work at the Dearborn or "Rouge" plant, the rest at scattered assembly plants. Ford—that is, the Ford Motor Company—also indirectly employs many workers abroad, through its subsidiaries, and many others at home through its contractors.

The man who goes to work for Ford's at Dearborn now starts at \$6.50 a day.<sup>1</sup> At that rate, five days of work means a starting wage of \$32.50. The worker hopes the job will last at least the 8 months of the busy season. He knows that his earning days will go down to 4 when orders slacken, as in June and July 1937; that he will be laid off completely during the three-week inventory period, and that he may not be taken on again until after the fall season is in full swing. He has no assurance that he will be rehired at all.

He is probably working on the day shift, from about 7 a.m. to

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<sup>1</sup> *New York Times*, October 17, 1937. But company figures after the July, 1937, raises showed 5,598 employees in the Detroit area at \$6.00. At the Edgewater, N. J. plant, after a six-weeks trial at \$5.00, the minimum is \$6.40. Letter to *New York Times*, Oct. 29, 1937.

about 3:30 p.m. Fewer men work the next shift, which lets out near midnight, and only a small number of continuous processes have a third shift. The worker usually comes a few minutes early and waits around near his job. He must be at the machine on time. In the short interval between shifts, he takes his place by the conveyor, it begins to move again and after that it is up to him to keep pace with his machine or with the conveyor that feeds him parts or raw materials. He may be on the assembly line, where the parts are put together to make a car. He is more likely to be on a line where some part of the car is processed. There is an infinite variety of jobs. He may be helping to roll steel into billets or working in the foundry where melted steel is cast.

### *Rule I. Stick at it!*

Wherever he is, the Ford worker expects to be at it uninterrupted-ly for eight hours, with no rest except a lunch period, usually 15 minutes. He is not allowed to sit down except for lunch, and then he usually sits on the floor near his machine. Once, it is said, Manager Sorenson found a man sitting on a box and kicked it out from under him. The man knocked him down. Says Sorenson, "You're fired." Says the man, "Like hell, I work for the Bell Telephone." P.S. Whether Bell fired him, *Fortune*—which tells the story in its December 1933 issue—does not relate.

The worker cannot go to the toilet unless and until a relief man or foreman can and will take his place. He must not stay longer than 2 or 3 minutes. Many men work with grinding fluid. The company apparently counts heavily on the antiseptic it puts in it, for a man who was caught washing his hands on the way to the toilet was warned that he would be fired the next time. A worker can be fired if he once stops work a minute early. A skilled worker was suspended for two weeks for smiling. "Your mind's not on your work," his foreman told him. No worker may talk to another.

This rigid discipline is enforced by the threat of demotion, lay-off, or discharge. The use of any one of these measures of punishment requires the company to find a man to fill the vacancy. But the company is willing to shoulder that burden, and in slack times it may just get along without him. The company sometimes disciplines a man on the basis of a complaint from the foreman through the super-

intendent. But it also has a separate intelligence division: "service men" patrol the departments and watch for irregularities. Some workers act as spies and turn in secret reports on their fellows.

### *Arbitrary Hiring and Firing*

You don't know where you are with Ford. The company has a reputation among the Detroit workers for arbitrary dismissals. In theory not even a superintendent at Ford's has power to discharge. In theory he has power only to recommend to the employment department that it transfer or discharge a worker. Yet men say, "If a service man takes your badge number, you're guilty." Not only do the reasons for the layoff often seem trivial, but sometimes a worker is unable to find out why he is laid off, or whether the company has any intention of hiring him again. He may wait for a come-to-work card or may call at the employment office again and again, not realizing that in his case layoff meant "fired." Long service with the company seems to give the Ford worker little additional security. The auto industry has been working slowly toward a seniority system, and unionization has hastened its introduction. But established seniority is an industrial improvement which Ford's has ignored. The nearest it has come to it is an announcement in July 1937 that employees would not have to go through a rehiring process when the summer shut-down was over.

The other side of the labor turnover is the hiring line. In 1914 Ford announced its \$5 wage, to go into effect January 12, 1914. When the morning of the 12th came, there was a blizzard, but thousands were waiting outside the plant long before sunrise. At eight o'clock six employment slips were thrust out through a wicket. Those behind were pushing those in front against the gate. Then the company turned the fire hose on the crowd—the water freezing where it struck. Everybody was fighting everybody else and the factory windows were stoned, but after a few hours the crowd dispersed.

The long line of standing men packed in snake-like folds—waiting in the field opposite Gate 2 in the early morning—is a regular feature of the Ford scene. Men are hired mostly in the winter or late fall. Many come, but few are chosen. At the height of prosperity, on one morning, January 2, 1929, 30,000 men applied for work, many of

them standing in the snow all night. The company hired 600 and said it would do the same on subsequent days, employing 30,000 gradually over two months. On January 7 the thermometer was near zero. On January 8 hiring ceased at Dearborn; at Highland Park the company sent away every other ten men in the line. On January 10 a paper reported that "Some, spoken to, seemed frightened at being addressed. It must be a trick of some sort." On January 23, Ford's announced that those coming before 6 a.m. would be dispersed.

### *Simplified Jobs, Speed-up, and Wages*

The Ford company prevents its labor turnover from being very expensive by keeping down the cost of training new men. It can take on green country boys by outdoing the other auto companies in simplifying and subdividing tasks, transferring skill to machines, and making the worker a dependent of the machine. This simplification means more machines and fewer men, and it is also means that the company can hire men cheaper than if the labor had to be skilled. And simplified jobs can be speeded up more and more as the men get used to them. Ford's does not use piece work or bonus incentives to get fast work from the men. The foreman can speed them up. A still more effective method is to set the pace of the machine faster, speed up the belt or conveyor that brings the parts or materials. If a man cannot keep up with the belt or make the production quota set for his job, he is eliminated.

Buying chiefly unskilled labor and getting higher production by enforcing rigid attention to work and by requiring rapid pace—these practices mean lower labor costs for the company. Still for the grade of labor it buys, the company has *usually* paid somewhat above the market rate. Henry Ford first burst into prominence with his \$5 rate in 1914, and with this he bought, not only untold publicity, but also a cut in his labor turnover, which fell from 400 percent down to 33 percent a year. This drop means an enormous saving. For some years workers were not admitted to the privilege of the \$5 rate unless they had dependents and seemed, on investigation, to be living wholesome lives. Henry Ford stated that \$5 was the least a man could live on. But, though prices doubled during the war, Ford's basic wage did not go to \$6 till 1919. Fortunately a lower price-level established itself in 1921, though it was still far above 1914.

In 1926 Ford's announced a 5-day week, and ambiguous company statements gave the impression that the weekly pay was not to be cut. When challenged by the *New York World*, however, Ford's admitted that this was not true. In 1929 it planned a \$7 rate, and announced it after the business recession had begun. To escape the burden of the wage rate to which it was committed the company farmed out more work during the next years. It stuck to the \$7 rate in its own plant till 1931 and to \$6 till 1932. It then dropped to a \$4 basic wage. The rate began rising again in 1933 and the industry's 10 percent wage-increase in March 1934 brought Ford to \$5 basic and \$5.92 average. In May 1935 the \$6 minimum was restored, with the result that in 1935-37 the weekly basic pay was \$30—the same as in 1914, though the week was five days instead of six. But in June 1937 the cost of living was 46.7 percent higher than in 1914, according to the National Industrial Conference Board, so that even if a man earning the basic rate were assigned to do a sixth day's work a week, his pay of \$36 for that week would be \$8.00 short of buying as much as the 1914 \$30 bought.

In June 1937 Ford's average hourly rate was about \$.86, while the whole industry averaged \$.90—even when the parts manufacturing plants were included, which pay lower rates than the big companies do. On July 7, the company stated that, in the Detroit district, the Ford average was \$.9075 and that only 5,598 out of 86,899 workers were on the basic \$.75 rate. This gave the impression that the company had been paying these wages for some time, whereas actually the labor force had received an increase of 5 cents an hour only the previous day. Even with the new rates, only a man in the top-most wage bracket getting at least \$1.10 an hour could, without working Saturdays, earn enough dollars to buy what the \$5 man had been able to buy in 1914.

As is well known, the hourly and weekly rates in the automobile industry mean smaller earnings than they seem to, because the great seasonality of buying makes work extremely irregular. This can be blamed partly on the weather and the buying public, but to a large extent on the insistence of the manufacturers' sales departments that there be a model change every year which will make last year's cars obsolete. Manufacturing costs would be greatly reduced if model

changes and seasonality could be eliminated; and a smaller number of men would have steadier work. For many years manufacturers had heard it proposed that the new models be shown in November instead of January so that some people would buy in November, while others waited till spring, as usual. This partial reform was finally instituted in 1935, after a federal investigation of working conditions. Since then production has been somewhat steadier than it used to be, but it is still so irregular that everyone would be filled with horror at the idleness and the cost if they were caused by strikes rather than by ordinary business procedure.

The Ford company formerly disdained yearly models, but for ten years it too has had them and subordinated steady production to seeking profits through salesmanship. Moreover, it has been its practice to rehire men at starting rates after a seasonal or other layoff, even though they had previously worked up to a considerably higher wage rate.

There is widespread dissatisfaction among the workers at the Rouge plant, especially among those who are aware of conditions in the better plants—wages, work-pace, hiring and firing. Some of these people have hoped for a union to improve conditions; since the General Motors strike of January-February 1937 a large proportion have hoped for a union. Just how many favor a union it is impossible to say, but union sympathy was obviously very high after Ford agents assaulted union leaflet distributors in May 1937.

#### THE SERVICE DEPARTMENT

THE Ford company, like some others, in warding off unions, discourages people from joining by punishing those who do, more particularly those who are also active in getting new members. The usual punishment, easily at the company's hand and feared by every worker, is discharge or demotion to a lower-paid and more disagreeable job; the workers also fear physical violence. In charge of the anti-union work is the Service Department, which also keeps people in line in the factory and prevents thefts.

#### *The Boss and His Crew*

The Service Department has ostensibly been headed by Everett Moore, who, in May 1937 was arrested and charged with superintend-



ing the beating of union leaflet-distributors. The "higher-up" who is said to have told Moore and the others that they had done "Nice work, boys," is personnel chief Harry Bennett.<sup>1</sup> Bennett is a responsible official, one of the few authorized to speak to the press for the Ford company. Other officials, however, share the responsibility for the company's acts even in the field of union relations. Legally, of course, responsibility rests with the board of directors of the corporation, elected by the Ford family. The corporation pays Bennett no salary; Henry Ford pays him one which seems scarcely large enough to account for his generous style of living.

The "service men" watch the Ford workers at work or on their way in and out of the factory. But not all are "policemen." The department also includes such employees as sweepers and truck-drivers. Service men are able to disguise themselves with badges of other departments, and sometimes to leave off their badges. The department sometimes takes on an extra force of plug-uglies to whom temporary badges are issued. And finally, beside the open service men there is the under-cover service man—the spy—a regular employee who reports on the other employees.

"Service man" as used here means the ordinary ones, excluding sweepers, drivers, and spies. The sweeper, like the relief man, makes a good spy, since he moves around so much. By searching coats hung up on a rack, one of the sweepers found a union button and the owner was beaten and fired. Some truck drivers are assigned to duties in case of a strike—for men, arms, and gas would have to be moved to the scene of action.

### *How Many are in it*

These facts and the company's secrecy make the numbers in this "intelligence division" hard to estimate. There is probably a service man and a spy for every 25 workers, conservatively. (A foreman testified there were 20 service men among 200 workers at the Highland Park plant.) On that basis, taking the number of employees at the Dearborn plant conservatively at 80,000, the service men and spies together number about 6500. None of the companies that have appeared before the LaFollette civil-liberties committee has had any-

<sup>1</sup> *New York Times*, July 22, 1937. Testimony of J. Godleski. This was disputed. Bennett offered an alibi, which was challenged by the lawyers of the National Labor Relations Board. On Bennett, see also his interview with Spivak in *New Masses*, June 16, 1936.

thing approaching this. Unlike them Ford does not employ detectives or strike-breaking agencies. It is a very self-sufficient company.

Beside the 6500 and more service men and spies, there are at least 6500 foremen. These, if added to the others, would bring the total "police" to 13,000 or more. The service system is an old institution at Ford's, but the company's alarm increased the number of service men considerably during the sit-downs at General Motors and Chrysler in early 1937, and presumably raised the number of spies too. The company has also been forming a sort of militia among the workers and has collected the names of those who would be willing to fight for it. To strengthen the loyalty of some of those who might help the company in a crisis, it has taken them from the bench and put them on "service" jobs, where they have a taste of leisure and power.

The workers, of course, both fear and hate the service men, and some of the foremen share their feelings. Foremen are watched as much as anyone, and Ford is said to have the highest known rate of turnover among foremen.

The amount of money which the company has to spend to keep up this system is, of course, not known. The service men probably average more than the other workers, but if they averaged the same they would, with steady work, make over \$1800 a year. If 750 of them are needed to watch for thefts and help the foremen prevent undue loafing, there are at least 2,500 that could be sent back to the bench or bar-room—a saving of \$4,500,000 a year. Many spies serve without extra pay, to hold their jobs, and the average cost to the company may be as low as \$200 a year, plus inefficient work. For 3,250 men this extra pay would be \$650,000. Omitting the expenditures for physical equipment and for other methods of getting information and taking these two payroll items alone, the money—if by some miracle it were turned into a wage-raise—would be \$60 a year apiece for 85,000 men, a 5 percent raise for an ordinary \$1200-a-year man.

### *Who is in it?*

The company's bill for "service" would be higher if it were not that there are a good many people working at Ford's who have special reasons for being willing to work at servicing or spying for relatively

little. Men with families are more afraid of losing their jobs than others are; so are handicapped men and ex-convicts. They are therefore more willing to spy or take service jobs than others are, perhaps out of gratitude for the past benevolence of the company, perhaps out of fear for the future.

Besides the ex-convicts, there are convicts out on parole. Ford is readier to take them than are many other employers. Under the Michigan law convicts can stay on parole only as long as they have jobs. Many of these accept any jobs given them. Nevertheless one man on parole is reported to have refused to leave the factory for the Service Department when the company asked him to make the transfer. He was then shifted to the foundry, where he couldn't stand the heat. He quit and was sent back to jail, until his mother pled for him and the company took him back as a common laborer.

Ford's interest in giving convicts a break is a reason often given for Michigan's recent governor, Frank Fitzgerald, appointing Harry Bennett to be a member of the state prison board. This board has charge of paroles, and this position undoubtedly helped Bennett to recruit for his Service Department.

The Service Department hires not only convicts and ex-convicts but also discharged policemen. Three men of the Detroit force recently worked for Ford during a period of suspension. Bennett hires prize-fighters and ex-prize fighters. "Has a hobby for employing athletes. Stan Fay, former Michigan football captain, is his personal secretary. Elmer DePlanche, former boxing champion, handles his department of plant transportation. Eddie Cicotte, former Tiger pitcher, is his lieutenant at Highland Park Plant."<sup>1</sup> The company shows pride in giving convicts "another chance," but some Detroiters feel they might have drawn the line at DePlanche, who is better known as Kid McCoy, and was jailed for murder. Cicotte had been in jail for "throwing" the World's Series with the "Black Sox."

It has often been alleged that gang members are employed from time to time by the Service Department. The practice is said to have had its origin in the fear of the Ford family that Edsel's children would be kidnapped, and the belief that befriending part of the underworld would be a form of insurance. It is understood that a gangster

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<sup>1</sup> Quotation from *Detroit Saturday Night*, June 15, 1935, p. 30.

recently convicted of murder—"Black Leo" Cellura—paid for his defense with Ford company money. Corroboration was lent to these allegations when a Hearst photographer testified at the National Labor Relations Board (NLRB) hearings that he saw Italian "hoodlums" at the Ford plant in the early morning one day when it had been rumored that the union was going to distribute leaflets (May 24); that he saw prize fighters wearing "A" badges showing they were temporarily employed, while others wore "F" badges, showing that they were service men. He saw one Baker, who had been dismissed from the Ann Arbor police force. He testified that he recognized one of the men who had been mixed up in a holdup case and that he had the following conversation with him.

"I see you are up to your old tricks again."

"What do you mean?"

"Are you a muscle man out here or do you work in the foundry?"

"We are hired temporarily to take care of these union men who distribute pamphlets."

"What do you mean, take care of them? With fists or what?"

The Ford employee replied that the company had four men to handle each possible handbill distributor.

"Have you got the down-river gang here?"

"Yes. That's the chief over there now. Take his picture. You got mine."<sup>1</sup>

This referred to his picture taken at the time of the hold-up case. "The chief" was Angelo Caruso, little and tough, now "missing." How he and his men felt about photographers appeared two days later when one appeared at noon and found 25 autos full of men lined up on Miller Road. He was told, "We don't want our mugs in the papers. You don't take any pictures here."

Ford does not welcome publicity for details about its regular service men, either. Early in the depression, Roderick MacDonald, running against Clyde M. Ford for Mayor of Dearborn, called his opponent an agent of the Ford company and of its service department. He charged in a printed circular that Clyde Ford used the City Hall for filling out cards which were to get voters jobs at the Ford plant—in return for their votes. It was also charged that service men were as usual electioneering for the Ford candidate. Criminal suit was begun against MacDonald, but when he got a subpoena re-

<sup>1</sup> Arnold Freeman, staff photographer of the *Detroit Times*, quoted in *New York Times*, July 10, 1937.

quiring that the Service Department produce its records in court, the case was dropped and MacDonald was given a job by the company.

Many of the employees of the Service Department can preserve their jobs only if the union remains a threat. But more especially it is to their interest to see that the union does not get an agreement with Ford. If it did, work-discipline would be handled by foremen with the help of union shop-stewards, and the union would require that the spying activities be abolished. A first step would be to compel the company to put the service men in uniform, so as to make them responsible. Uniforms would also limit their spying activities.

#### DISCRIMINATION

IT HAS always been one of the chief jobs of the Service Department to see that union members were fired. Early in 1934, for the first time in Ford history, men came to work wearing union buttons. They had agreed to flout the company by flaunting their membership. They were laid off soon afterward.<sup>1</sup> Usually it is not so easy for the company to get information as to who are union members. But by using service men and spies the Ford company has managed to keep fairly well informed. It has let a union gain members till there were a few hundred (perhaps in order to spot as many independent workers as possible) and then the company has started firing those who had joined. Its hostility to unions led unionists to adopt methods such as are found under European dictatorships. They joined under false names and met in small groups connected with each other only through the central office.

#### *Technique*

When the National Labor Relations Act (NLRA) was held constitutional by the United States Supreme Court on April 12, 1937, and Henry Ford said in an interview on April 14 that Ford workers were free to join a union, a number of employees believed what they saw in the papers. Joseph V. Bailey was one of these. He joined the UAW on April 14. He was fired from the Highland Park plant May 7. John Shipper joined in March; he felt free to talk about the union

<sup>1</sup> *Detroit News*, May 4, 1934. Many were reinstated later, after their union, the Mechanics Educational Society, threatened action before the new Automobile Labor Board.

after April 12, and on April 15 he brought a newspaper to work with him, with the Ford interview in it, and gave it to his foreman to read. "He just looked at me and gave me a silly grin," testified Schipper. "That was all until about 9:15 a.m." Then Schipper was fired, and could get from the company no reason for the discharge.

There is definite evidence that service men working outside the plant in 1935 were able to learn the whole program of a small closed meeting held for the purpose of making plans for unionizing the company, and they regularly cover meetings of Ford members of the UAW. Working inside the plant, they take as many opportunities as they can to sneak up and watch workers when unaware. What service men cannot find out, spies may be able to, through friendly conversations. A spy knows that an employee will talk more freely outside the plant. A good method for getting information is to express an interest in the union. For instance "C" talked to "D" during work, and got "D" to agree to join and to try to find three or four others who were interested. When "D" said he (alone) was ready to go, "C" said he was afraid to have anything to do with the union any more—he might be fired; but in talking to "D" he continued to lean toward the union. "D" was fired a month later, though he was not yet a member of the union. The employment official would give him no reason for the firing, but when he asked a city police official (who had helped him get the job) to intercede for him he learned that the employment official reported he had been talking union.

When the company discharges a union member it is punishing an "enemy," but more especially it is getting rid of a man who might talk to others about the union; and still more especially it hopes to frighten the remaining workers out of any interest in the union. Under the NLRA, it is no longer lawful and safe for the employer to impress his employees by stating openly that unionism is the reason for recent discharges, but whispered rumor is just as impressive.

Demotion is nearly as effective as discharge in ridding the plant of union sympathizers. Take John Cwickiel and Fred Gullicksen, of the Highland Park plant, who had worked for Ford, one for 26 years and the other for 22 years, and who were fired in 1937. They quoted Assistant Superintendent Hutto as saying,

"You have to be punished for joining the union."

Their foreman, Ziek, quoted Superintendent McKinney as saying,

"After all this NLRB stuff blows over, only loyal men will work at Ford's. If I have to take back those two birds, Cwickiel and Gullicksen, I'll break their backs. See that railroad car full of slag out there. We'll put them there with shovels, and out there if they feel like it they can talk union."

Cwickiel, a straw boss, testified that after he and Gullicksen were fired they saw Brown at the employment office.

"When I told Brown that we would report the matter to the NLRB office immediately his attitude changed. He put an arm around my shoulder and said, 'Now, you don't have to do that. I'll put you two men to work tomorrow morning.'"

The two were transferred from the paint and varnish department to the receiving department where their job was to unload heavy materials. They quit rather than take these jobs. The pressure on the superintendent is indicated by his remark, quoted by Ziek:

"Ziek, I damn near lost my job yesterday. You got to fire a lot of men here."

Ziek at first refused to fire union men, but the pressure increased and he finally obeyed orders. Then—

"I was sick and couldn't eat. My wife says, 'what's the matter with you?' and I says, 'Oh, nothing, nothing at all!' 'Why don't you quit the Ford Motor Company.' . . . When I went to work May 18 . . . my side hurt and my head ached and I thought I was going to go crazy. I wanted to get away from the Ford Motor Company. I wanted to get clear away from there . . . so I got a leave of absence and never went back'."

Hundreds of union members have complained of being fired for membership, but in most cases positive proof is lacking, and the NLRB complaint against Ford issued June 26, 1937, in Detroit, contained only 27 names of people fired since January 1 (plus two in 1936 and several fired in June for refusing to sign a pledge of confidence in the company.) Of these, five were later dropped from the list because of insufficient evidence. The company is usually able to hide its motives in firing, for it can always point to some rule that the worker has broken. But many of the union men are skilful and disciplined workers, and the company has to choose between keeping obstinate silence and giving reasons that don't ring true. Moreover, the company's anti-union practices are so well known to the employees that it is hard for the foreman to pretend that they do not exist.

Men whom Ford fires for unionism are unlikely to get their jobs

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<sup>1</sup> Quotations from *Detroit News*, July 20, 1937, and *New York Times*, July 21, 1937.

back. Even if they change their names, the service men stationed at the employment office or at the gates or wandering through the plant are likely to recognize them. They may be blacklisted elsewhere. Ford's practice of not giving layoff slips means that if another company wants any information about an applicant for a job who has worked at Ford, it will phone Ford, and the information it gets will help it keep out union men.

*"I'll Sign Anything"*

The success of these discrimination methods in Ford's anti-union campaign is brought out sharply by two events in June 1937. Ford's announced that a pledge of confidence in the company put forward by a committee of workers was signed within a few days by 80,698 of the 82,064 workers at the main plant. This was right after union organizers had been beaten up, and feeling against the company was very strong. The company expressed great astonishment at the existence of the petition, but the employees knew that it was a company measure because it circulated freely during working hours. They were afraid not to sign. Many signed even without reading. Some who refused were fired.

When this petition was nearly finished, on June 3, some "loyal workers" started signing up men for a company union, the Ford Brotherhood of America, Inc. Since this too went on without interference during working hours, the men took it for granted that the company expected them to join. Seven thousand signed up in two days—95 percent of those in the building where recruiting began.

Ford employees are afraid to testify against the company. At the time of its investigation in July 1937 the NLRB found only two or three men still employed by Ford willing to testify before its examiner. (The chief witness was fired, two months later.) This reluctance is not confined to Ford employees. Ford has sources of information on all sorts of matters in places as widely scattered as are Ford plants and holdings. In Michigan, and especially in the Detroit area, Ford's men seem to be everywhere. It is not merely Ford workers who feel they have to be careful with whom they talk, on and off the job, but the entire community. Anybody who has to make his living in Michigan knows that the Ford Company can make it harder for him—and will usually want to if he says the wrong thing.



## INTIMIDATION

FORD's economic power over his employees and others is backed up by the reputation of his Service Department for being "ugly customers" who take advantage of their position of authority not only to bully the workers but to "gang up" on them, to beat them, and then turn them over to the Dearborn police, under charges of having started a fight. The worker who is fired for union membership is usually taken off his job by a service man and he expects rough handling, as punishment and as a warning to other unionists.

### *To slug or not to slug?*

Early in 1937 an independent union of skilled tool and die makers organized the Michigan Tool Company and won concessions after a short sit-down strike. Perhaps the Ford company, which buys half the product, was afraid of a second sit-down and wanted to ward it off. At any rate, seven Italians hired on as "tool-makers" at Michigan Tool. They didn't seem very competent to the union men. When the union began an inquiry about them, they ganged up on three shop-stewards in the toilet, and fled. The Detroit police went to the place where they lived (they had all given Michigan Tool the same address), and found one, and arrested him. The others, they were told, were at work at Ford's. The head of the union reports that a Ford executive interested himself in the affair, and invited him into surroundings where he would not feel safe. There the Ford executive told him that Ford had nothing to do with the beating, but that it would be advisable to let the arrested men go, else the Italians would wreck the union. The executive also visited the shop-stewards in the hospital and advised them to accept cash settlements.<sup>1</sup>

Until recently the idea that "you can't beat Ford" has been so strongly ingrained in the workers and others that the company has not had to watch its reputation with full care. But the unionization of the rest of the industry has made the Ford company jumpy. It feels that it has to show no weakness. When on May 10, in South Chicago, three United Automobile Workers agents tried to pass out

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<sup>1</sup> Information from Mechanics Educational Society.

leaflets near the gates of the Ford assembly plant, they were set upon and beaten and kicked. One had his jaw fractured, another had a kidney ruptured. Those assaulted have brought damage suits against the company. In Dallas two organizers were beaten up close to Ford's, and the UAW attorney was beaten on a busy street corner. In Memphis two organizers were beaten on September 22, 1937. Another, assaulted on October 5, laid it to Ford service men.<sup>1</sup>

A notorious instance of company violence had occurred on March 7, 1932, during the worst days of the depression. Henry Ford had repeatedly made optimistic statements that the depression was nearing its end, that in his plant great increases were being made in the number of workers. It is said that during the American Legion Convention in Detroit thousands of men were put to work and the legionnaires, having visited the busy plant, were able to take home stories of great recovery in Dearborn. But this was temporary. At the end of a difficult winter more than 3000 unemployed workers of Detroit, led by Communists, undertook a "hunger march" to Ford's, where they intended to have a committee petition Henry Ford for work. A Detroit parade permit took them safely to the Dearborn line, but there the Dearborn police attacked them with tear gas. Since the wind blew most of the gas away, the marchers succeeded in getting as far as the Ford plant's Gate 4. There the company repeated its 1914 trick of having the fire hose turned on the men in freezing weather. Bullets followed. On that day, 4 workers were killed, 19 seriously wounded, and between 50 and 100 less seriously injured. The head of Ford's service department, Harry Bennett, and several policemen were hurt by stones thrown. The funeral of the four dead workers was a gigantic procession of Detroit workers. The *Detroit News* said editorially about the hunger march that

nobody could look at the marchers themselves and accuse them of any destructive purpose . . . virtually unled and unorganized. . . . Nobody who knows Henry Ford will believe that with a permit to march they would have been molested or denied a respectful hearing.

This places a shocking value on a formality. It justifies the brutality on the ground that the men had no permit to march in Dearborn, not on the ground that they were a threat or a danger.

<sup>1</sup> *New York Post*, Oct. 6, 1937. On Dallas, see George Lambert, "Dallas Tries Terror," *Nation*, Oct. 9, 1937, pp. 876-8, cf. pp. 874-6.

The county American Legion passed a resolution supporting the Ford company. Prosecutor Harry S. Toy (Republican leader, attorney of Ford agents accused of assaults on May 26, candidate in the 1938 governorship race on an anti-union platform) asked the jury to indict, not the company but the leaders of the march. The jury compromised by indicting neither. Two months later, the Ford company fired all men who were absent from work on May Day 1932, without inquiring whether the absence was for political reasons or not.

Some workers will be frightened by company violence, but others will be made indignant, and the company may lose their loyalty. Also, the company has to fear a public reaction against it and possibly some loss of sales. This reaction is the less likely if the public doesn't hear about the attack, if the company can "keep it out of the papers."

### *May 26*

The UAW formed a Ford local union in May 1937. The union announced that it would distribute leaflets at the Dearborn plant on the 26th. It apparently thought that the company would be too afraid of unfavorable publicity to follow precedent and try rough stuff.

Most of the unionists who took part in the distribution were women, whom the union had been able to enlist for the enterprise by assuring them that it was entirely legal to distribute the leaflet, even under the Dearborn ordinance, for the union had submitted it to censorship by the city council and had received a permit. On May 25, Sam Taylor, Ford foreman and president of the Knights of Dearborn, which he described as a "social organization" of Ford workers, urged the council to cancel the permit. The council declined.

The council said it found in the handbill "nothing libelous, nor anything that would incite a riot." But, as we saw earlier, the Ford agents were "incited to riot"—against the unionists—without even reading the leaflets. They met their problem of "keeping it out of the papers" by driving newspaper men from the Gate 4 overpass. Elsewhere a reporter had his notebook snatched from his hands and torn up while policemen stood by and watched. The photographers had the hardest time, since special orders had been issued to destroy all pictures. One photographer tried to take pictures of the women who

were being beaten up. He was warned away by Ford men. When he started to leave, three of them, whom he named, pursued his auto in order to break his plates. Breaking speed laws and passing traffic lights he reached the Melvindale police station just ahead of them. There the pursuers were put under arrest—until they could prove that they were Ford men.

### *Were they Service Men?*

Observers and victims of the attack charged that the assailants were Ford service men. Personnel Chief Harry Bennett replied that no service men were involved; loyal employees had resisted the invasion: "A Negro who works in the foundry," he explained, "was goaded and cursed so vigorously by one organizer that he turned and struck him. That was the first blow."<sup>1</sup> This allegation had a chance of becoming the official news story; it was echoed in the *New York Times* as late as July 4. But the news pictures and reporters' accounts convinced impartial observers that it was a planned attack by representatives of the Ford company. The sluggers in the photos wore street clothes, not work clothes; they carried no lunch boxes; one had handcuffs in his pocket. The men who chased the photographers to Melvindale identified themselves to the police as service men. A service man testified that he was ordered, if he saw anyone passing out handbills, "to beat them up and bring them to the Service Department." A number of unionists recognized service men of their acquaintance. Among the foreman and other Ford regulars who have been arrested for the assaults was the man who gave the start and stop signals to the sluggers—Everett Moore, head of the Service Department.

Albert Maroodian and James Kelly stopped their car near the Ford plant the day after the battle and were assaulted apparently because of their union buttons. When the Ford company called Elmer Rasmussen as a witness for it in the NLRB case Maroodian recog-

<sup>1</sup> *Time*, June 7, 1937, p. 14. Curiously enough, company officials *predicted* that this would happen. A reporter who went to the Ford offices before the assaults was told that the company would not do anything about the leaflet distribution, but that "some loyal employees might resent it." Present were Louis Colombo, general counsel, Everett Moore, nominal head of the Service Department, and others. Moore is the man quoted, according to the *New York Times* (July 4, 1937). The *Detroit News* (July 9, 1937) has the reporter say that he forgot who said it. The company's formal answer, July 8, 1937, to the NLRB complaint against it was that "The Ford employees engaged in this fight at all times acted in self-defense."

nized him as the one who had blackjacked him. He testified that the parting warning was:

"'You —, get the hell out of here and don't use Miller Road again.'  
"So I don't use Miller Road."

### *Are they Police?*

The one positive action of the Dearborn police on May 26 was to arrest a group of women leaflet-distributors for "overloading" an auto into which Ford agents had pushed them. Organizer Emil Mazey followed them to the station, only to be locked up and searched too. He testified that Ford service men were running "the entire Dearborn police station."

Police Chief Carl Brooks is a former Ford employee and a charter member of the Knights of Dearborn. He knew of the union's proposal and put some extra men on duty, but on May 26 there were none on hand. Yet Brooks had talked with the mayor and others about the situation that morning; and stated that the union's permit called only for house-to-house distribution and that if a parade were attempted it would be stopped.

The Dearborn regular traffic officers on Miller Road failed to interfere with assaults. A worker attacked while alone on the public street testified that there was a police auto standing 30 or 40 feet away. but the police did nothing. They seem to have taken as their jobs keeping crowds from collecting. Some thought it wise to look in another direction when the fighting was taking place.

Rev. R. P. Sanford testified that

"A well-dressed man kicked one of the girls in the abdomen and she fell at my feet. I shot an imploring glance at a mounted policeman and he, in a pleading and 'For God's Sake' tone asked the well-dressed man not to hurt the woman."

Brook's reply to later protests was that the fighting was on private property and that the union men were liable to arrest for trespassing. At the NLRB hearings the question whether the street-car stop and the overpass were Ford property or public property turned out to be a nice legal point. The company and the city-owned Detroit Street Railway both have rights there. But even if all the unionists had been on private property, the company would have been legally justified only in warning them off, and, if they did not listen, in calling the

police. If there were no police the company might be legally justified in using force to put off trespassers *if they did not leave after warning*—but only in using as much force as is necessary. If the unionists are informed of the limits of public property they can—theoretically—avoid molestation.

Of course the company's position first was that the assaults were not the work of company agents but of indignant employees acting individually and spontaneously. If that were true, the assailants' guilt would have nothing to do with whether the unionists were trespassing, but "trespass" would still be a good red herring to divert public attention.

Some of the company's anti-union weapons are within the forms of the law. It had the Dearborn town council enact the anti-leaflet ordinance. The union announced, though it had asked for and got a permit for May 26, that it would challenge the ordinance as unconstitutional. It also claimed that the ordinance did not extend to the union newspaper, and on August 10 it distributed the paper near the Dearborn plant without a permit and no one was arrested. The only incident was that the busses chartered would not take the unionists to the Ford plant, perhaps because the manager of the Detroit Street Railways is a brother of Ford's political contact man.

The town where Ford cars for New York City and vicinity are assembled—Edgewater, New Jersey—passed an ordinance more stringent than Dearborn's. The UAW undertook to test this ordinance too; arrests were made when they distributed copies of their paper on July 15, 1937. In another civil liberties case this ordinance was declared unconstitutional on September 24, 1937.

### *Company indicted*

Immediately after the May 26 assaults in Dearborn, an investigation was begun by Prosecutor Duncan McCrea, who relies for his election on Detroit votes more than on Dearborn votes. Judge Ralph Liddy was sitting as a one-man "grand jury" in another case, and he consented to extend his jurisdiction to Ford's, though the Ford company argued learnedly that Judge Liddy did not have lawful jurisdiction, and promptly got a more obliging judge to issue writs of habeas corpus when the first two assailants were arrested. Liddy

persuaded Bennett to produce some of the Ford men most actively involved on May 26, but a subpoena issued for Edsel Ford was not served. In secret sessions Liddy heard witnesses who later testified publicly at the NLRB hearing. As a result, the Ford company and eight individuals were scheduled to be tried in the fall of 1937, for assault with intent to do great bodily injury, short of murder. The maximum penalty for this crime is five years or \$1000 or both. The eight individuals accused of direct participation in the assaults are Everett Moore (head of the service department), Wilfrid Comment (garage foreman, influential), Samuel Taylor (Knights of Dearborn), Worshon Sarkisian (professional wrestler), Charles Goodman (21 arrests, 4 convictions), Oscar Jones (boxes as Jackie Young), Theodore Greis (wrestling referee)—all Ford employees—and Russell J. Edick, former circulation manager at the plant for a Detroit paper. Angelo Caruso, gang head, is among those missing. The jury also presented Dearborn with the names of an inspector, a sergeant, three patrolmen, and a police matron for trial or neglect of duty, false arrest, etc. The town filed the report.

The Detroit NLRB hearings on Ford, July 1937, arose out of charges that the company hindered the free organization of its employees. It disparaged unions and discharged many union members.<sup>1</sup> It had leaflet-distributors and union sympathizers assaulted, intimidated reporters, circulated a "Vote of Confidence" for signatures, and discharged or demoted those refusing to sign the vote. If the Board finds that these charges are correct, it may order the company to reinstate the discharged and demoted persons, with back pay; it may order the company to drop those methods for the future. If the company fails to comply, the Board may ask the federal courts to enforce the reinstatements and prevent the anti-union methods, under penalty of fine for violating the injunctions. If the company appeals to the Supreme Court a final decision before 1939 is unlikely.

As the NLRA reads at present, these court orders, if granted, would impose no punishment for acts done by the company before the court injunction is issued, except for ordering the company to pay

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<sup>1</sup> The First Region office of the NLRB, Boston, issued a formal complaint against Ford for discrimination at Somerville, Mass. *New York Times*, Sept. 5, 1937. The Chicago regional office warned Ford's South Chicago plant on July 12, 1937, to reinstate 22 men with back pay if the record of their cases was not to be added to the case being heard in Detroit. *United Automobile Worker*, July 17, 1937.

back wages. However, state assault trials were scheduled and in October 1937 civil damage suits were brought against the company, such as unionists instituted after the beatings outside the Ford plant in South Chicago May 10. Also the company has lost some of its reputation for benevolence because of the light that has been shed on Ford methods by the newspaper accounts of the NLRB testimony, though the company is naturally trying its best now to discredit the NLRB. Ford publicity man Cameron made a speech denouncing it, and Ford attorney Colombo duly made the headlines by complaining that the NLRB examiner treated him like a "horse thief."

#### ORGANIZATION FROM BELOW OR FROM ON HIGH?

##### *Ford on Unions*

ON APRIL 8, 1937, Henry Ford stated that Ford's would never recognize the United Automobile Workers or any other union. This expressed the position his company had always held. On April 12 the Supreme Court approved the National Labor Relations Act and Henry Ford announced that the provisions of the NLRA "have been the standard policies of the Ford Motor Company for years," though he thought the terms of the law "might have been dictated by Wall Street." The second of these paradoxes was elaborated two weeks later by the company publicity department over Henry Ford's name. Unions, it seemed, are inspired by the international financiers to bring about standardized wage-scales. Standardization would prevent a benevolent company like Ford from continually raising wages—and so would assure that its competitors, controlled by these financiers, would have low wages too.<sup>1</sup>

In endorsing the NLRA Ford stated that, though he advised men to stay out of the union, they were free to join it. But on June 15 this declaration was contradicted by Ford personnel chief Bennett. When asked by reporters whether the company was behind the formation of the "Ford Brotherhood," he was so anxious to show that

<sup>1</sup> April 12th statement, *Detroit Free Press*, April 14, 1937. On Financiers, see *Ford Gives Viewpoint on Labor; Cautions Workers on Organization*, interview with Henry Ford by A. M. Smith in *Detroit News*, April 29, 1937, reprinted by Ford Company together with *Fordisms*. Cf. Henry Ford statement April 10, 1937 (for instance in *Detroit News*), *Ford Almanac* distributed to workers June 30, 1937 and interview in magazine section of *New York Times*, Oct. 17, 1937.



he was not fostering a company union that he blurted out that the company didn't approve of organization by *anyone*.

### *Strikes, past and future*

The Ford company has come closer to recognizing the union than it is willing to admit. "As a matter of cold fact, there never has been any labor disturbance of any sort in the Ford shops," said publicity man Cameron on July 21, 1937. But there have been strikes at plants that supply Ford with parts; moreover there have been strikes at Ford assembly plants, and the company has had to deal with unions in other countries where its subsidiaries manufacture. In American plants owned directly by the main company it has avoided recognizing the union, at least in so many words. But it has sometimes permitted contractors to recognize the union in order to assure itself of continuous supplies with a minimum of trouble. In 1936-7 Bennett and one of his aides, John Gillespie, former Detroit police commissioner, arranged settlements in several cases, sometime agreeing to pay the contractors higher prices. This concession was necessary because of the narrow margin of profit Ford had allowed the contractors.

Though striving for self-sufficiency in many ways, Ford buys parts and materials from 6,000 companies. Auto-parts companies have always had lower wages than the main manufacturing companies. The low rates have sometimes given a special impetus to unionizing and striking. The Ford company likes to give the impression that it insists on its contractors' paying high rates, but its motive in contracting work out has often been to get the benefit of low rates. This policy seems to have come to the fore in 1927, at the time of the Model-A change. In the first years of the depression when Ford was paying a high minimum, it again contracted out much of its work.<sup>1</sup>

The Ford company announced on October 10, 1937, that \$40,000,000 of new steel-making and other equipment would be acquired at Dearborn in the next year, but, by failing to push self-sufficiency even faster than it has done, the company has left itself vulnerable. Its danger is increased when it lets its parts makers recognize the

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<sup>1</sup> Godwin in *American Mercury*, July 1931, pp. 258-264.

union. The union has signed up many of them now, and would be able to call sympathetic strikes in their shops in case of an open labor dispute at Ford's. The company would have difficulty re-allocating the contracts, partly because of patents held by important contractors.

The scattered assembly plants, taken singly, are less essential to Ford's than are the contractors' parts and tool shops. The assembling now done at one plant could be transferred to another. Even the Dearborn assembly lines are rarely in continuous operation for three shifts and could take over work in an emergency. In 1933 during a strike at Chester, Pennsylvania, assembly work was transferred from Chester to Edgewater, New Jersey. Though the Edgewater plant struck too, the company won.

It is not surprising, therefore, that the company has strenuously resisted labor disputes in its own outlying assembly plants, in contrast to Ford concessions in parts plants. When it has been compelled to recognize the union it has done so indirectly. In 1937, organizing campaigns have been undertaken in all the assembly towns and strikes (including sit-downs) have taken place in several. A whole series of strikes occurred in Richmond, California, near San Francisco, in April-June. Here the union was helped to success by the longshoremen refusing to handle "hot cars." Kansas City saw a sit-down in April. When an Independent Ford Employees' Union was formed in October, the UAW picketed and company officials announced that the plant was closed. Kansas City's city manager visited Detroit to protest the closing. He was told that the plant would re-open if he promised complete police cooperation.

The Ford company's chief concern seems to be that no one shall catch it recognizing the union. In the second Richmond strike, in which also the company threatened to close the plant, the union stated that the settlement called for a grievance committee which would be made up of union members and that this was the fourth Ford strike to be settled amicably. But the company would not admit anything and at the end of the third Richmond strike Bennett announced that "nobody has authority to recognize the UAW as sole collective bargaining agency for Ford's Richmond plant." He chose his words carefully. His statement did not deny that the company had recognized the union as representing its members.

In April 1937 during the second Richmond strike the A. F. of L. wired Ford that sit-downs were "repulsive and demoralizing" and suggested a conference. The company declined.

### *Company Unions*

The Ford company has resorted to company unions. It has backed —though it has pretended not to do so—the Ford Brotherhood of America, Inc. We saw above that early in June a number of men signed up members for the Brotherhood during working hours. Homer King testified at the NLRB hearing that the men "was a-cus-sin and a-rarin and a-ravin" when the foremen told them to join, and that some of the foremen were a-ravin too, because they had to advance 50 cents to workers who didn't have the initiation fee.

William McDowell, an attorney, founded the Brotherhood. He had previously formed four other anti-CIO unions, none of which hold meetings. The Brotherhood's bulletin states that one may not join if one has not signed the vote of confidence in the company. It opposes strikes. It promises free medical and dental examinations, vacations and cheap accident insurance. The trustees may refuse members. Dues are only \$1 a year. The resulting small budget makes it impossible for the union to engage in any but nominal activity, unless, of course, it is subsidized by the Ford company. One of the list of demands which the Brotherhood published in September 1937 was preference in hiring for men buying Ford cars.

When recruiting for the Brotherhood began, Bennett was asked about it. He said that he knew nothing about it but would look into the matter. Thereupon solicitation for membership during working hours was stopped. A few days later Bennett or someone else at Ford's decided either that it was a bad organization for the company or that efforts should be made to keep the company from seeming to organize a company union. Bennett announced that the Brotherhood would be dissolved. As a result, the company now faces a dilemma before the NLRB. Should it admit that it stopped the organization of a real union or admit that it had started a company union? Either is illegal.

A few days after the Brotherhood was born, full-page ads, ad-

dressed chiefly to Ford workers, announced the Workers' Council for Social Justice, Inc., open to all who agreed with its "Christian principles" and its program, which emphasizes cheaper houses and lower interest rates. Father Coughlin denies having started the Council. But it has a name and platform that recalls his National Union for Social Justice, and the radio priest has given it tentative public approval. Moreover, he once before supported a union of automobile workers, the Automotive Industrial Workers' Association. He lost these workers' support when he refused to sponsor their strike.

The evidence that Ford is participating in the Workers' Council is slight, but there is reason to believe that, if the Ford company is not directly responsible for its creation, at least it is not opposed to it. While a company union fits into the paternal spirit of the firm, a union that goes beyond the company seems more independent. This group uses Ford's international-banker phrases and has expressed the hope that Ford would accept its program. A reporter discovered that the president, vice-president, and secretary, Ford employees, were on leaves of absence from Ford's. Bennett, after being told of this discovery, announced that they must return or be fired. He was anxious, he said, that no one should "think that the Ford Motor Company is supporting this Social Justice union."

Bennett had just announced that the Brotherhood would be dissolved, and his new statement, if not taken literally, made it look as if the Social Justice union were his new favorite. McDowell denied that his organization would end, and a month after Bennett's announcement the Brotherhood claimed not only that it was alive, but that it had 15,000 members. Its agents were distributing pamphlets, undisturbed, at the gates of the plant. It seems probable that Bennett planned this defiance by McDowell in order to make the organization seem somewhat independent of the company. According to the UAW, Ford favored the Brotherhood. McDowell filed a petition for an NLRB election, October 1, 1937.

Dallas, the scene of a number of assaults on organizers in mid-1937, also saw two organized demonstrations by Ford employees against the UAW.<sup>1</sup> As we saw, an Independent Ford Employees' Union featured the Kansas City trouble in October 1937.

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<sup>1</sup> Lambert, "Dallas Tries Terror," *Nation*, Oct. 9, 1937.

## FORD'S MILITARY STRENGTH

WHILE the foremen plus the service men plus the spies are, we estimated, at least 15 out of every 100 employees, the company felt, when the General Motors strike began, that it could use more active support than might spontaneously be offered by some of the workers if a strike emergency should arise. It not only added many men to the service department, but it also recruited a sort of employee militia, the nature of which is shown in the experience of "N." "N" was not a member of the union, but was sympathetic to it, or at least felt it would help the poor-paid worker, which he was not. The company apparently did not know of these sympathies. On February 20, 1937, his boss told him that an organization was needed in case of a sit-down to be ready to carry out the sit-downers, so as to make examples of them; that service men would be waiting outside to receive the ones carried out. It was necessary that the organization should not appear to be engineered from above. "N" was unwilling to cooperate, but gathered that he had to, to hold his job. He recruited about 75 or 80 men out of the 1500 in his shift in the department and was told to get 25 more recruits. He was supposed to contact each man daily.

Mark Conzori, a Ford employee, testified at the NLRB hearing that, some time in June, his superiors directed him to join a vigilante group:

"Slim says to me if there is trouble, I am supposed to pick up a lead pipe and start swinging and get to the place where the trouble is. In the gang there is supposed to be three of us and the minute trouble starts we are to hit on the head anybody that gets in the way no matter who it is and get to where the trouble is."

Some of these militia men were used in the May 26 assaults.

### *Three Legions*

Other attempts were made by the Ford company to recruit an "employee militia." In June 1937 it was persistently rumored that the company had instructed its foremen to find out what employees had served in the army of the United States or of any country. Later the "Liberty Legion of America" passed out circulars at the main plant, listing Harry Bennett's brother with other Ford employees as charter members. Applicants, declared the circular, must be citizens of the

United States and have been assigned to "active duty in the Army, Navy, Marine Corps, National Guard, or any other named organization in any country, province, kingdom or colony, mobilized to maintain law and order." Dues were 50 cents a year. Some of its purposes are similar to those of the other two Ford company unions: "insurance not covered by the Workmen's Compensation Act, development of facilities to purchase the necessities of life at a reasonable cost, steady employment, a program of continuance of our mutual understanding with our employer and vacations with pay." Harry Bennett in this case forestalled the criticism that had been directed against the Ford Brotherhood by stating that the Legion would not be allowed to distribute literature in the plant. The Brotherhood on August 27, 1937, applied for an injunction against the Legion, asserting that the Legion had 2000 members, and that Harry Bennett had coerced Brotherhood men to join it.

Ford has long recognized the value of having allies of this sort. In 1933, the company courted the veterans actively. When the seasonal hiring began, it told the American Legion to send its members for jobs—they would be employed ahead of everybody else. The Veterans of Foreign Wars asked for and got similar privileges. Announcement was made that this offer was for local men only, but veterans flocked to Detroit from all over the country. Today Bennett is able to say,

"Naturally the members of the veterans organizations are grateful."

Henry Ford asserts that the only proper function of government is to provide police protection. He adds:

"Do you know the best police force in the country today? It's the American Legion."<sup>1</sup>

Another employee movement on which Ford has been relying for the past five years is the Knights of Dearborn, whose president, Sam Taylor, is to go on trial for committing assaults on May 26. Most of the Knights work for Ford, although some of them are Dearborn police officers or education officials. Knights electioneer for Ford candidates, and public officials send deserving Ford job-seekers to the Knights. Membership was recently as low as 250, but the unionization of the auto companies has led it to rise to 500 during the first half of 1937. In anticipation of trouble, late in May, Ford requisitioned 100 autos from the Knights, so as to have detachment of cars

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<sup>1</sup> *New York Times*, June 29, 1937; October 31, 1937 (Section 8, p. 28).

that would cruise about the plant, supplementing the cars full of men parked inside the gates and cruising within the plant yard. When, on June 13, agents of the LaFollette civil-liberties committee served subpoenas at a meeting of the Knights, Taylor sent for the police in order to avoid the scandal of the massed Knights beating the agents up.<sup>1</sup>

### *Armaments*

With the employee militia of these three legions added to the regulars of the Service Department, Ford's mobile force for resisting a sit-down would have considerable strength. In the Dearborn plant, the units of the army have been assigned stations. The plant has been fortified. Only the motor and foundry buildings are near a public street from which a union can establish communication in a sit-down. These buildings run along Miller Road, one north and the other south of Gate 4 where the May 26 assaults chiefly took place. The windows facing the road have been barred on the inside with heavy fencing. There is some evidence that the plant is crossed by underground tunnels. In the carpenter shop in a distant corner of the plant men have been regularly assigned to making large and small clubs, and have made cupboards for storing tear-gas. Trucks with tear-gas are stationed at strategic points.

The company has also prepared a milder form of resistance. For some months it has had stored in the carpenter shop large signs such as "We're satisfied," "Come on Lewis," "You start it and we'll finish it," all useful for "spontaneous" employee movements. One difficulty with this plan is that the stored signs quickly get worn out because the men make a practice of accidentally running lumber into them.

### INDUSTRY AGAINST UNION

**B**y its fight against the UAW, the Ford company impedes the progress of the CIO in its organizing activities in industry in general and specifically in auto manufacturing. Ford's competitors have signed union agreements, and so has a large fraction of the auto parts and auto tool industries. One might suppose that these companies would like to see their competitor Ford signed up

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<sup>1</sup> See *Dearborn Daily Herald*, June 14, 1937.

too, especially since Ford has taken a rather independent attitude toward everyone. But the only real reason General Motors and the others would have to wish Ford unionized is that Ford might otherwise cut prices, and Ford is not a price threat; it was the first to raise prices in August 1937.

Instead of wanting Ford unionized, the auto industry hopes that it will stay non-union, for a CIO and a UAW hampered by the Ford problem would be unable to demand so much from the industry. Ford's function in the auto industry is Tom Girdler's in steel. Girdler's Republic Steel, together with Inland, Youngstown, and Bethlehem Steel, refused to sign up with the CIO when U. S. Steel and the smaller companies signed contracts in March 1937. These medium-sized companies won the CIO's strike against them in May-July, and as a result the CIO's unionizing has been set back and U. S. Steel will be able to hold out for better terms in 1938.

The steel strike was the focus of the attacks made by the reactionaries on American unions in 1937, an attack occasioned by the upswing of unionization through both the CIO and A. F. of L. Employers exploited the existence of the split between the two organizations. They made the usual charges that unionism was "communism" and "anarchy." The struck steel companies, responsible for 17 dead and many wounded, attacked the steel union's use of mass picketing and of political influence. They and other employers denounced the General Motors strike and other sit-downs as illegal. They claimed that the CIO was unable to prevent unauthorized strikes after signing agreements which included promises not to strike. Here their main illustration was again General Motors, where unauthorized strikes were frequent because of the novelty of the agreement and because there was not a systematic enough plan for disposing of grievances. Foremen and superintendents were set in their old ways, and the workers often felt that striking was the only way to make sure that they got what the agreement seemed to promise them.

A movement to put legal disabilities on trade unions had as its rallying cry that the NLRA was one-sided—that it limited only employers. In fact the law's intention, declared in its introduction, had been to redress the legal balance, already weighted in favor of the employers. Most industrialists counted on the Supreme Court's void-



a Ford worker living in one of Detroit's satellite towns. A few years ago he sought to have removed from the town's police department a man who had been convicted of manslaughter and was therefore ineligible. The day after he filed the petition with the town Police Board, he was called from his work into Bennett's office and told that if he did not withdraw his petition, he would lose his job.

A company that has established intimate connections with a police department usually tries to give currency to the idea that the company runs the police, even if it is not completely true, for it instills respect for the company in the common man. It is useful to have actual control, for it is, of course, convenient to have people arrested when the company suggests it, and to shift the burden of proof in such cases to the defendant. But where a company has a large private police force such as Ford's, this service becomes less important; and the main job of the town police is to overlook the intimidating tactics of the private police.

The Ford company's control over the Dearborn police is part of its control over the whole government of the town. This control is achieved by helping to elect "the right candidates." The Ford company actually, though not openly, puts up its own candidates; at every election it is understood who the "Ford candidates" are. For some years the positions of mayor and councilman were held by Clyde Ford and Clarence Ford, relatives of Henry Ford. The company withdrew its support from them, ostensibly to take the Ford name out of politics, but Ford control did not stop when these relatives left office. Unfortunately, the only thorough study made of Dearborn politics was suppressed before publication.

Some Ford workers—even in Detroit—are afraid to vote Democratic for fear their employer will find out. Yet it is harder to coerce workers at the polls than in the factory, and even Ford employees who live in Dearborn are quite likely to vote against Ford candidates. Still the company controls Dearborn elections, for middle-class voters predominate there and they seem to follow the company. One result is that Dearborn remains a separate city, a wedge in Detroit's side. Major issues—police, taxes, relief—which are at stake in the control of local government make it important for Ford's to keep Dearborn separate from Detroit. When the question of amalgamation has come

up for a vote, Detroit has voted in favor of it and Dearborn against it. Ford's has been influential in the state government too. The Department of Labor once proposed to subpoena President Edsel Ford for violating the child-labor laws in not submitting "apprentice" jobs to the scrutiny of the department. The response they got from the prosecuting attorney was, "You must be kidding," and from the governor, "Don't let it get in the papers."

Political influence brings with it many incidental advantages. The company can sell cars and trucks to local governments. Ford was strong enough in the national field to lift the NRA ban on the federal purchase of Ford cars.

Fear of discharge may swing some workers' votes to Ford, but the company relies rather on a direct method of getting votes which amounts to buying them. The candidate favored by Ford is permitted to send a certain number of men to Ford's factories for jobs. He can barter jobs for electioneering services, or, if he has to, for votes. These jobs are in great demand, especially in time of depression, even though they are not permanent (unless the services given are rather important). Job applicants of this sort now usually clear through the Knights of Dearborn, but certain lower-court judges are very active, also.

Ford can get on the right side of officials whom the company does not elect by the same methods used with candidates, namely by giving them the privilege of sending their supporters to Ford's for jobs. It gives these and other privileges also to ministers of Negro and foreign-language churches with the expectation of improving its reputation with their parishioners, some of whom are Ford employees and most of whom are voters.

Ford has assigned service men to do electioneering work for its candidates. To a considerable extent this work has now been taken over by the Knights, most of whom are Ford employees. Ford uses other doubtful methods. In support of Landon the company used the Republican "Social Security Board" pay-envelope propaganda. Henry Ford let himself be photographed with Landon, but he allows this kind of publicity only rarely. He has permitted a friendly candidate to be photographed at the plant when the shift was changing so that the candidate was shown speaking to a multitude. He has lent

the enormous Ford power plant. After the power plant uses the water, it is emptied, warm, into the Rouge River nearby. The company built this tunnel because it found that water piped from the Rouge was still warm from its previous use. The tunnel was built by the company but was listed as a city tunnel. Ford's was asked to pay about \$45,000 a year in taxes, but it took the case to the Michigan Supreme Court. The court said that the company did not own the tunnel and could not be taxed for it. Ford's did not finally receive a free gift of the city's rights of way. It agreed to pay a rent of about \$20,000.

### *Ford's Profits*

The company's profits in 1936 were at least \$19,700,000. During the year its book entry "profit and loss" (that is, accumulated surplus) increased by this much.<sup>1</sup> The company's profits in its first 33 years, according to a company radio statement on April 4, 1937, were \$844,000,000. Of this about \$620,000,000 (net worth at the end of 1936) had been plowed back. Though the company has not given out any direct dividend information since 1919, the rest of the profits (\$224,000,000) were presumably distributed and mostly subjected to income tax. \$105,000,000 went to buy out minority stockholders in 1919 and the other \$119,000,000 was probably paid out as dividends. Since the mid-twenties Ford profits have been low—relatively speaking,—not only because of the upheaval of 1927, when a year was devoted to changing models, but because of the depression and the strong competition from General Motors and Chrysler. Judging from the balance-sheets, which are the only published accounts, losses for the decade have balanced profits, but these published figures do not show salaries or accumulation of hidden assets or the costs of the private army. Moreover, they do not show dividends, and according to the company radio statement, dividends for the last ten years had been equal to three cents for each man-hour worked by a Ford employee—perhaps \$50,000,000 in ten years.<sup>2</sup>

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<sup>1</sup> If secret dividends were paid, earnings were larger. Also, if the year's increase of \$6.7 million in "reserves" was made to provide for paying the new undistributed-profits tax, it really belongs under "profit," since that tax could be avoided by paying dividends. Or if the reserves are not for genuine business needs, they should also rank as reinvested profits.

<sup>2</sup> The company's radio spokesman was asked to give the actual aggregate dividends for the decade, as well as to check the profits figure which he broadcast. He did not reply to the letter. His broadcast also stated that in its 33 years, the company's dividends had equalled less than 6 cents per working hour. "Would Profits Increase Wages?", Ap. 4, 1937.

### *Income and Excess-Profits Taxes*

Dividends are taxed as personal income by the federal government. Also the Ford company pays a corporation income tax. The only flaw in its tax returns visible to the outsider is the fact that the company lists as expenses a variety of outlays useful for political purposes and also the whole payroll and armament expense of the Ford private army. Except for their size, however, these expenses are a usual type of business outlay, and time alone can tell whether they are a wise business investment. The army's payroll was estimated above at \$5,150,000 a year. This alone, with the tax at 15 percent, enables the company to avoid \$772,500 a year in taxes.

At the time of the War a rather unsuccessful attempt was made by the United States to tax away war profits through an excess-profits tax. Henry Ford did not wait to be taxed. Remembering his denunciation of war profiteers, he said he would sell to the government at cost. When his minority stockholders protested, he announced that he would instead return his own share of the war profits to the government. As late as 1935 it was asserted that he had done so, in a story which obviously came from the Ford publicity department.<sup>1</sup> Jonathan Leonard in his *Tragedy of Henry Ford* (p. 134) maintains that not a cent was paid back but that Henry Ford gained a great reputation for public spirit. And Cunningham in his "J8" (p. 176) prints a telegram from the Treasury Department, January 9, 1930, denying the receipt of the donation.

### *Inheritance and Gift Taxes*

The estates of Mr. and Mrs. Henry Ford will be subject to the federal inheritance tax. To prevent people evading this tax, if an owner of stock gives it to his heirs before he dies, he is, now, subject to the gift tax. Henry Ford apparently gave most of his stock in the company to his son before the gift taxes went into effect and so has to a large extent escaped these taxes. By 1935 he had given 41.5 percent of the stock to Edsel Ford. He is now said to retain only the one share he needs to be a director. The same may be true of Mrs. Henry Ford.

<sup>1</sup> *Detroit Saturday Night*, June 15, 1935, p. 6, col. 6.

The Roosevelt administration in 1935 proposed placing a more steeply graded tax on inheritance. Incidentally, it was stated, such a tax would cause family enterprises like Ford's to be owned by a larger group, since the family of the large stockholder would have to sell bonds or stock in order to pay the tax on the death of the stockholder. Senator Vandenberg of Michigan bitterly attacked this bill, alleging that, if it were passed, on Henry Ford's death the Ford company would be driven into the hands of Wall Street, and an "efficiently operated enterprise" would become a "quest for dividends." It might even be, he declared, that the factory itself would be sold—perhaps in time of depression, so that the heirs would be cheated. Or the government might take over the majority of the shares and subject the company to "political management." The workers' jobs, he maintained, were threatened, and he called on everyone to imagine the calamity if Ford's were to cease operating.<sup>1</sup>

An attack of Ford stubbornness might close the plant—Henry Ford threatened to shut down, in order to ward off a strike in 1937. It is impossible that a shift in ownership would close it. If the Senator's problem is to keep the enterprise under Ford control, this could be done by selling securities of various sorts while retaining 51 percent of the common stock. These sales might be made through an investment banking syndicate or through the Ford dealers. (Since Edsel Ford seems to own most of the company now, the problem will not arise till *he* dies.)

To be sure, if bonds or preferred stock were issued, some future earnings would have to be paid out as interest and dividends. Similarly, if common stock were put on the market many would hesitate to buy the shares unless they were assured that in the future they would yield some dividends, that not all the income would be plowed back into the company. Perhaps the Senator feared that the company would be unable to expand if the plowing-back tradition were broken. But it could always expand if the company were profitable enough to persuade the investing public to buy more Ford securities, issued for expansion purposes in the way that mere mortal, hum-drum corporations issue them.

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<sup>1</sup> *New York Times*, August 9, 1935.

## *Plowing Profits Back*

The practice of reinvesting the company's earnings faced a far more serious threat when in 1936 Congress passed a tax on undistributed profits. This law penalized the retention of earnings, and did this in order to force them into the hands of stockholders as dividends. When the stock-holders received them they would have to pay income tax on them—the bigger the income, the higher the rate. The Ford family and other rich stock-holders were in the habit of avoiding the payment of the higher rates by leaving the funds in the company; the new law was an attempt to break this habit.

Henry Ford protested, and he was not the only business man to protest. In fact there was a continuous drive to repeal this law. It was alleged that the surpluses which corporations had so often built up constituted reserves out of which additional wages were paid in time of depression. This argument unfortunately conflicted with the fact that corporations rarely keep surpluses in liquid form and rarely hire more labor than seems profitable.

Henry Ford has transferred all or most of his stock. But he is still useful as an excuse for propaganda against the graduated inheritance tax and other progressive taxes. He announced on May 7, 1937, that the undistributed-profits tax of 1936 had been aimed at his company, and other companies hitherto independent of the financiers; that it was a device to force these companies to borrow from the financiers and pay tribute to them forever after. He overlooked the fact that, in order to avoid the new tax, it is perfectly possible for the company to pay out in dividends as much of the profits as the law required. After receiving these dividends, the stock-holders, the Ford family, could promptly reinvest the money in the company, keeping complete control. There would be only one difference—larger personal-income tax payments to the federal government.

## UNEMPLOYMENT AND RELIEF

THE problem of how large the taxes are to be and who is to pay them is especially important in time of depression, when relief rolls grow. Ford disposes of this relief-tax problem in its characteristically high-handed way. It tries to avoid tax expense by putting the burden of unemployment on the workers

—spreading the work, supporting niggardly public relief policies, and giving relief in the form of loans that are to be repaid. To the extent that the burden cannot be put off on the workers, Ford tries, successfully, to keep it outside Dearborn.

### *Model A—1927*

The dependence of Detroit workers on the Ford production schedule was made clear after Ford's decided in 1926 to abandon Model T. This was a minor revolution; production was low or non-existent during all of 1927. Ford laid off nearly 40,000, keeping chiefly men useful in overhauling the machinery. The many plants supplying Ford closed wholly or in part. A social worker in Detroit estimated that employment dropped by 60,000. To have experienced men on hand when production began again, Ford kept on around 80,000, but they were on part-time.

Paul Kellogg estimated that, "if Ford dropped \$100,000,000 of his surplus in 1927, his employees dropped a sum very nearly equaling it in lost wages, but his \$100,000,000 was in a sense investment, theirs in every sense waste." Henry Ford looked on the bright side. He told Kellogg, "I know it's done them a lot of good—everybody gets extravagant—to let them know that things are not going along too evenly always."

The tax-payers and charities of Detroit, where most of the Ford workers lived, had new burdens put on them. Public relief expenditures in 1927 were 14 percent higher than in 1925 and 1926 *added together*. The Community Fund appealed for \$600,000 more than it had received the year before; the Ford family gave \$175,000.<sup>1</sup> We have already noted that a very small part of the Ford company's taxes are paid in Detroit.

### *Ford and Relief*

Ford donations for relief are small because Henry Ford is against charity. He feels that if people would only show initiative they could start businesses of their own. Failing that, if people were only willing to work, he announced during the depression, they would be able to

<sup>1</sup> Paul U. Kellogg, "When Mass Production Stalls," *Survey*, Mar. 1, 1928, vol. 59, pp. 688, 684, 728.

find jobs. Yet his own plant, like others, bought only the amount of labor it needed during the depression as at other times.

The Ford company's position has been that if unemployed families got relief they should promise to return the money later; that the charity given by government should be kept down to a minimum. In 1931, Ford helped establish in Dearborn a non-governmental Dearborn Community Fund. While this Fund asked people to try to repay the money it gave them, still the company preferred its own system of Ford relief. That is, it gave relief to some of the unemployed Ford workers, but charged their future wages with the amounts they received.

It is hard to believe that the company's antipathy to public charity was free from self-interest. As the largest taxpayer in Dearborn, the Ford company stood to gain if public relief were cut. The company was able to use its influence as an employer to cut relief. On November 6, 1931, it was announced that the Dearborn unemployment problem was ended, since the company was going to hire 2500 Dearborn unemployed. Somehow it was not ended. But the company still had the device of Ford relief. A Ford worker on Dearborn relief would be summoned to the employment office. He would expect to be offered a job, but instead would be warned to go off public relief and on Ford relief. Under public relief the family had been getting grocery orders which they could take to any store. In addition, half its rent was paid. When on Ford relief they would get from the company a daily 60 cent food order on the Ford commissary, where the food was poorer. Sometimes they did not understand that they would be expected to pay it back later. When the worker was reemployed about \$15 a month was checked off his pay till he was clear of debt.

But Ford advanced more to some of its workers than 60 cents a day. The Henry Ford Hospital let Ford employees pay on the instalment plan. During the depression they were not required to begin paying till they started working. Another type of advance was made in the community of Inkster, which is inhabited almost entirely by Negroes. Toward them Ford's took a paternal attitude. The company rebuilt some of the houses. Under a plan begun in November 1931 (dropped in most cases about 18 months later) it took over debts as well as giving relief. The families involved had to let the



company administer any property they owned and the working members had to let it check off most of their pay when they were called back to work at Ford's. The basic pay was \$4 a day at the time; of this the worker got \$1 in cash and the rest in grocery and clothing orders and in credit against his debt to the company and others.

The company still manages workers' finances for them in certain cases where it thinks they need it.

Certain Ford workers had better chances at jobs than did others under this system. It was a widely held belief among them that a man in debt to the company was sure of a job. Many patronize the Henry Ford Hospital today on that principle, and others take care for the same reason to buy a Ford car on the instalment plan through a dealer who has influence with the company. The company has admitted asking its men whether they or their friends are interested in buying Fords, but it denies that it exerts any pressure to buy Fords.<sup>1</sup>

### *Detroit as Ford's Partner*

In the Great Depression the company seems to have given preference in employment to workers who had lived in Dearborn more than a year and who might, therefore, if unemployed, claim relief from the Dearborn Department of Public Welfare—relief which would come out of taxes nearly two-thirds of which were paid by the company and by Henry Ford. This preference left unemployed most of the Ford ex-employees living in Detroit and elsewhere. Many complaints were voiced of the relief burden which Ford was putting off on Detroit.

This relief burden arose out of the depression and was aggravated by the fact that most Ford property was in Dearborn and little in Detroit. For the depression Ford cannot be held responsible more than any other corporation—except for its pretensions to leadership. But if Ford had not resisted, Dearborn would be part of Detroit. Presumably Ford's assessment would then have been bigger. It would have paid more taxes, and more money would have been available for relief. This is only one illustration of the fact that the burden of unemployment is distributed very unevenly and that our tax system is not geared to correct this unevenness.

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<sup>1</sup> *Detroit News*, May 27, 1931.

The burden placed on Detroit by Ford's relief policy was vividly described by Walter G. Bergman in "Henry Ford's Silent Partner," published by the League for Industrial Democracy in *The Unemployed*, issue of Spring 1931. In January 1931 the Detroit Department of Public Welfare cared for 45,000 families, giving them an average of about \$10 a week, or \$2,000,000 for the month. Bergman states that in a sample of 3746 families it was found that one-third were ex-employees of Ford. The Ford company protested that in seven years Ford had employed over 300,000 people, so that most of Detroit could claim to be ex-employees. Two large plants in Detroit had a larger proportion of their ordinary force on the Detroit relief rolls than Ford did, but then they paid their taxes in Detroit.

The Bergman article was reproduced in extra large type and headlined in the *Detroit Mirror* — for one edition. In the second edition the story had entirely disappeared.

Constant references to Ford's indifference by Detroit's Mayor and committee on unemployment provoked the Ford company into an attack on the Detroit Department of Public Welfare, in which the company charged that the department was giving most of its money to people who were not in need, in fact that, of a list of 4000 sent to it, 329 were actually working! However, the company submitted only 226 names for check. The Department replied that Ford had hampered its work by neglecting to reply to its queries about relief applicants. After investigation it stated that, of the 226 cases, 28 were found fraudulent, 3 others were known to be so before the Ford list came, 65 were employed but needed supplementary aid (e.g. were on short time at Ford's), 13 others were getting service but no money, 79 had been given relief till their first pay-check should come, one was on the relief rolls of a Detroit suburb, while 37 were hard to locate (6 or 7 of whom were frauds).<sup>1</sup>

### *Community Fund and Hospitalization*

The Ford company promised free hospital service to the needy, but went back on its promise. This promise was made to the separate

<sup>1</sup> Samuel Levin, "The Ford Unemployment Policy," *American Labor Legislation Review*, June 1932. Levin estimates the responsibility of Ford for the large Detroit relief load lower than Bergman does. He cites the *Detroit News* of April 28, 1931, as authority for the number of Ford families on relief being only 5,061. An inquiry at the Department of Public Welfare in 1937 elicited the statement that the figures were no longer at the Department.

Community Fund instituted in Dearborn with Ford's help late in 1931. Ford promised free or nearly free hospitalization for those who might be sent by the Fund to the Henry Ford Hospital in Detroit, though only negligible cash contributions were made to the Fund by either the company or its executives. The company began, as it had promised, by paying the hospital bills of Fund cases, but *it stopped doing this after a few months*. It suggested to the Fund that it send the worker, if he had been employed at Ford's, to the Ford "sociological department," which might decide to hospitalize him, and would charge his future wages for the service. The Fund did not take the suggestion. The company occasionally let it use the plant hospital and gave various needy persons jobs on the Fund's recommendation, but it was unwilling to encourage private gifts to the Fund by contributing money itself, and on January 1, 1935, the Fund was discontinued. It was replaced by a division of the Detroit Community Fund, which did follow the company's suggestion and refer cases to the Sociological Department. A report made by this Fund a few months later indicated that Ford's had been gradually reducing its hospital charges to needy employees, and that it now occasionally gave free service.

#### HEALTH, SAFETY, AND COMPENSATION

THE fact that the Henry Ford Hospital was available, free, for depression cases for only a few months should serve to dispel the vague statements which give the impression that Ford workers and perhaps their families are treated there for nothing.<sup>1</sup> There are some free cases, as there are in other hospitals. The hospital is run at a loss and relies on its non-profit status to free it of legal liability. But the Ford worker is charged as much as is the ordinary patient; only recently has the hospital introduced the practice of adding a surcharge for rich patients. As we have seen, the Ford worker may pay in instalments, and counts on this to help him keep his job at least till the debt is paid.

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<sup>1</sup> For instance Gamaliel Bradford in *Harper's*, vol. 161, p. 518; E. P. Norwood, *Ford Men and Methods* (1931), p. 82.

### *Hospital Functions*

The hospital's charges are said to be above those of others, but it is hard to say how much, because, unlike other hospitals, it allows only staff doctors to treat patients and charges the medical services in with the board and room. The patient is entitled to all the treatment he needs and pays so much a day, regardless of how simple or complicated his treatment. This system performs one of the functions of sickness insurance, under which a family afflicted with a complicated sickness pays no more than a family with little or no sickness. It is also a form of group practice of specialists such as this country needs. This group-practice aspect led to vigorous opposition on the part of the county medical association, which made a move toward excluding from membership doctors not practicing under their own names. This move was finally dropped.

The Ford Hospital handles injury cases from the Ford factory. Under the workmen's compensation law of Michigan an injured worker is entitled to 90 days of free treatment at the expense of the employer. In compensation cases all "company doctors"—Ford's and those of other concerns—are pretty generally suspected of favoring the company when the case is disputed before a commissioner. Some time ago a worker slipped and hit his head on his machine. He died in the Ford Hospital, which performed an autopsy (without a permit) and reported that he had died of heart failure. This finding was disputed, and the state assigned a professor of medicine to make an autopsy, warning the company doctors not to communicate with him, lest, on learning of these findings, he feel that medical ethics required him to agree with the company physician. The company doctor disregarded this warning and let the professor know his finding. The company won.

### *Compensation and Handicaps*

Workmen's compensation for injuries is in a sense part of labor conditions, but it is also part of the community problem of social security and the relief of destitution. The Michigan compensation law is not a very liberal one and the Michigan courts have construed it narrowly, for instance by upholding a release which the worker may have signed, giving up his claims on the company, after a prom-

considered who have a "permanent loss or impairment of sight, hearing, speech, or the use of limbs and/or trunk," there were 1,128, or about 1.7 percent. Of these, 478 disabilities related to fingers, 191 to feet, and 132 to partial sight. A study made for the Detroit Community Fund showed that these people were given work within their ability, so that blind workers, for instance, do simple, monotonous jobs. The company seems to get full value from them.<sup>1</sup>

Ford would be employing a still larger proportion of handicapped people if it were really true, as Henry Ford says in *My Life and Work*, that no one is hired or fired because of his physical condition except for contagious diseases. There is some feeling among Ford executives that even the present limited use of the handicapped lets the company in for too many risks, since handicapped persons are more likely than others to be injured a second time by the industrial process. One of Ford's employees was laid off because of a hernia. When he spent \$200 to have it corrected, on the understanding that he could then have his job, he was told that he was still too much of a risk. This case contrasts with the company's pride in the large number of men it employs who are handicapped by hernias.

There is no evidence that the handicapped workers are men who were injured in Ford's employ. Most of them seem to be hard-luck cases that have attracted Henry Ford's attention; he responds to these appeals on the one hand while on the other hand he evades his obligations, as we have seen, to men injured in his service.

### *Politics and Safety*

Compensation and safety laws are administered by labor commissioners and deputy commissioners. Many of these are purely political appointees. Ford has been responsible for many of the appointments. The new Democratic governor, Frank Murphy, has appointed as commission chairman George A. Krogstad, a former Ford compensation adjuster, who had gone to his job at Ford's from the position of deputy commissioner. Two present deputies have sons working at Ford's. The political nature of the appointments has subjected deputies to another sort of influence. They have rather expected to lose their jobs when another administration came in and have hated to

<sup>1</sup> Murphy, *A Study of Social Services*, etc., p. 16.

offend big employers like Ford from whom they could get jobs such as compensation adjuster or attorney.

The Ford company does not keep a lobbyist at Lansing and it does not belong to the Michigan Manufacturers Association which does employ one, but it uses its influence against attempts to strengthen the labor laws. There has been considerable agitation for an amendment to the compensation law that would include under it all occupational diseases. The Ford company used its influence to postpone the passage of any amendment. However, in 1937, the legislature passed an amendment naming a list of 31 diseases to be covered. Soon afterward the United Automobile Workers set up an occupational-disease research institute, to include a study of speed-up neuroses.

### *Plant Conditions*

The Ford company has the reputation of providing healthful plant conditions. The company notifies you of Henry Ford's passion for cleanliness, and his ideal can be found fulfilled in places like the rolling mill and the glass plant, which are occupied chiefly by machinery. That ideal is also attained in the air-conditioned rooms for testing parts. Elsewhere in the welter of men and machines and metal it is less evident. The rapid pace of work of most of the men is naturally unhealthy and increases the accident hazard. The three factory inspectors employed by the state are too few adequately to cover Ford's, even if they disregarded the rest of the state.

In 1935 a man died of cyanide poisoning in the plant. The findings of an inspection—made a month after the event—may be abbreviated as follows:

Dept. 498. Lunches stored 25 feet from cyanide furnaces. Eaten at any convenient place; one man ate sitting on cyanide can. Dept. 6510. The dead man had worked here. No cyanide here. Dept. 498 is 200 feet away. Dept. 728. Cyanide piled indiscriminately on the floor next to the furnace. 100 cans accessible to any employee. Cans opened at furnaces and left partly full, accessible during working hours. Lunch period 15 minutes in this department. Lunch eaten at any convenient spot. Dept. 13. Lunches left in open stock bins 10 feet from furnaces. A peck of cyanide is kept handy near furnace, some had fallen on floor. Cyanide is handled by hand shovel. Partly full and full cans accessible. No hot water in this section on day of inspection. Dept. 2455. Hand shovel; partially filled can accessible. Man eating 15 feet from furnaces. Dept. 183. Uses cyanide. Uses Aero Case Compound, labelled "Poison, Keep Cover Closed." One can was open. 66 cans Aero, 30 cans

cyanide around the department. Handled by hand shovel. Man eating behind furnace. Wash room 80 feet away. Dept. 1519. Hand shovel method. 20 cans of cyanide at door of building. Dross from furnaces, containing cyanide in a weaker state, is swept up and placed in empty cyanide cans along with other refuse. Safety engineer said men are familiar with cyanide and know how to handle it; that the cyanide situation is as good as it is practical to make it.

The inspectors then went beyond cyanide conditions: Pressed-steel building. Ventilation in general good. But in 39 listed spots or machines, it was found bad, for instance, acid tank had no ventilation. Also, "Electric power wiring to machinery in Department 191 from C-1 to C-36 inclusive is not installed according to code. In some instances there is evidence to show the condition is temporary while in other words (cases?) it would appear the installation is an old one and has been in this condition some considerable time." Wash room and toilets ample. There are places to hang clothes, but no lockers. Motor building, plating department. Acid poured into pail; no safety rocker for carboy; goggles and gloves not required. Floor wet with acid. Some tanks hooded and vented, others not. Eye-hazard from splash over heads of men not wearing goggles. "The venting on the cyanide solution is inadequate and it appears that the entire venting system should be revamped to make it effective."

Two weeks later, reinspection showed it was quite possible to improve conditions.

Surplus cyanide had been removed from around furnaces; only enough for 8 hours was brought from storage at one time. Floors around cyanide furnaces were being mopped during the inspection. Cyanide dross cleared away. But in pressed steel building same cyanide and aero compound as before; in rolling mill, cyanide can half full stood before toilet. Inspector recommends wall around cyanide departments in motor building, to keep away employees who do not understand cyanide. Plating department not improved; no locker for acid carboys nor syphon pump.

Two months after the death of the worker, a coroner's jury was sworn in. The difficulty of getting accurate testimony was illustrated by the fact that one Ford employee *fainted on the witness stand* when he saw his superintendent come into the room.

The jury found that a sandwich which the worker ate contained cyanide. There was division of sentiment in the jury, some of whom favored charging the Ford company with negligence. Finally the jury recommended that the Labor Commission report "be given wide publicity. These findings should result in the Michigan Legislature establishing adequate safeguard for Michigan employees exposed to the hazards of cyanide." When the legislature met, in 1937, no action was taken.

WE HAVE seen that the Ford company is influential in elections and appointments. Its influence is greatest in Dearborn, which is much like other company towns. Giving out jobs is Ford's chief method of paying for support for its candidates. One of the fruits of its political activity is cooperation from the police. This has given Ford agents practical immunity. Another result is power to control local tax assessments. The evidence indicates that the Ford company does control them. Henry Ford has been the author and the occasion of misleading criticisms of progressive taxes. In the depression the company has kept the relief burden off the Dearborn tax-rolls by arranging to have some workers pay back the relief they received, and especially by letting Detroit foot the relief bill. The Henry Ford Hospital, with many progressive features, has become an instrument of the company's niggardly compensation policy, a policy which rests on Ford's political strength. The company has been found careless of industrial health in certain respects, and, though it employs many handicapped workers, this fact does not assure a job to the man injured in its plant.

The company's ability to escape social burdens and to manipulate the community has rested on the tradition that Ford is unbeatable. But now this legend is cracking. Frank Murphy challenged the legend when he was mayor of Detroit, and as governor of Michigan he has the opportunity to do so again. County attorney McCrea and his staff, plus Judge Liddy, are prosecuting Ford agents involved in the May 26 attacks. An assessor announces that Ford taxes are too low. Washington, which assailed Ford unsuccessfully in 1933, will shortly enter the picture with a report by the National Labor Relations Board. This report cannot help condemning Ford methods against the union. Already these methods have received wide public attention for the press is more outspoken than it was. The change is especially great in the Detroit papers.

The local revolt against Ford is important. It means that Ford's hold over politics is slipping, and that the organized labor vote is becoming significant. Without this, any middle-class resentment against special privilege is likely to remain sterile. It is unfortunate that the



agreement of the CIO and the AFL on a Detroit slate for the fall of 1937 was so quickly abandoned, but the CIO candidates placed in the primaries. After a campaign in which all Detroit newspapers joined against the labor candidates, former Michigan attorney-general Patrick O'Brien, the labor candidate for mayor, obtained 37 percent of the votes, including progressive middle-class votes. Even where organized labor alone had 51 percent of the votes in a town, a victory would be difficult to consolidate without adequate middle-class support. In Detroit the United Automobile Workers—a young union—set up its ward-by-ward political organization on very short notice. A by-product of this organization was the recruiting of more Ford members for the union.

In the process of prying the Ford company loose from politics, the economic activity of the United Automobile Workers can play almost as great a role as can the votes of its members. When Ford's is unionized it will have to introduce system into its personnel policy. Not only will several thousand of the jobs of the Service Department spies vanish, but hiring for production jobs will be on the basis of competence and seniority. Both these facts will cut the company off from giving Ford jobs as patronage, and will help abolish its influence over elective officers. Breaking the Ford Motor Company's grip on the workers will break its grip on the community.

## BOOKS AND ARTICLES ON FORD

Most of the information in this booklet was obtained in June 1937 in Detroit. The writer of *Fordism* interviewed public officials of Detroit and Dearborn, union officials, Ford workers, former Ford workers, Ford service men, other automobile workers, reporters, ministers, lawyers, doctors, social workers, and teachers. He is grateful to them for their cooperation. At his request the Ford Motor Company filled in a gap in published wage data but it did not reply to a request that it make clearer its radio statement on Ford dividends. Testimony at the NLRB hearing and other events of July-October 1937 are drawn chiefly from the *New York Times* and the *Detroit News*. Books and magazine articles cited in footnotes are included in this bibliography, which is intended to be selective rather than complete.

A succession of books has appeared over Henry Ford's name; in collaboration with Samuel Crowther he has put out *My Life and Work* (1922), *Today and Tomorrow* (1926), and *Moving Forward* (1930). *A Series of Talks given on the Ford Sunday Evening Hour by W. J. Cameron, 1936-1937* is the latest volume of a series published by the Ford Motor Company, Dearborn, Michigan. The company has also reprinted (with Henry Ford's *Fordism* epigrams thrown in) *Ford Gives Viewpoint on Labor: Cautions Workers on Organization*, interview with Henry Ford by A. M. Smith in the *Detroit News*, April 29, 1937. This deals with the alleged connections of Wall Street and the unions. The company will send the Cameron and Smith booklets on request. An analysis of Cameron's talks is Harvey Pinney's "The Radio Priest of Dearborn," *Nation*, Oct. 9, 1937, pp. 374-6. An interview with Henry Ford appeared in the magazine section of the *New York Times*, Oct. 17, 1937, followed by one with Lewis and a summary article on Oct. 24 and 31.

Most books and articles about Ford are laudatory. An example of pure laudation is Charles Merz's *And Then Came Ford* (1929). Approaching it is E. P. Norwood's *Ford Men and Methods* (1931) describing the plant. Among those which are salted with a little adverse criticism are Gamaliel Bradford's "The Great American Enigma" in *Harper's Magazine* for October 1930. Murray Godwin's "The Case Against Henry Ford" in the *American Mercury* for July 1931, and *Fortune Magazine's* "Mr. Ford Doesn't Care" in December 1933. See also Ford's standing in the poll reported in *Fortune's* October 1937 issue.

Substantially critical is S. S. Marquis' *Henry Ford, an Interpretation* (1923). Marquis invented and ran the Sociological Department, and he wrote after it had been scrapped. Chapters 12 and 17 deal with the turnover of executives; chapter 13 with the executives' part in creating the well-known Ford production methods. There are excellent articles by Paul U. Kellogg in the *Survey Graphic* ("Henry Ford's Hired Men" and "When Mass Production Stalls," in the February and March 1928 numbers) and by Samuel M. Levin, "Ford Profit-Sharing, 1914-1920" in the August and October 1927 numbers of the *Personnel Journal* and "The Ford Unemployment Problem" in the *American Labor Legislation Review* of June 1932. Ford is touched on in two good articles in the *Nation*—George Lambert's "Dallas Tries Terror," *Nation*, Oct. 9, 1937, pp. 376-8, and Joel Seidman's preview of the Detroit elections in the *Nation*, Sept. 11, 1937.

Strongly critical is J. N. Leonard's biography *The Tragedy of Henry Ford*, (1932), and so is Upton Sinclair's novel *Flower King* (1937). Robert Dunn's *Labor*

*and Automobiles* (1929) exposes the whole industry, including Ford, and its bibliography contains many titles on Ford. "Bullets—not Food—for Ford Workers," by Maurice Sugar, in the *Nation* of March 23, 1932, tells the story of the Ford Massacre. W. M. Cunningham gives a bitter summary in "J 8," *A Chronicle of the Neglected Truth about Henry Ford D. E. and The Ford Motor Company* (1930). This paper-backed book of 187 small pages was written by a man who had worked in several Ford departments, including publicity, though hardly so close to Henry Ford as was Marquis. Ford's moved to suppress Cunningham's volume, as it has done in other cases, but some copies escaped. Ford is denounced also in Part III ("Detroit") of Erskine Caldwell's *Some American People* (1935), and John L. Spivak's three articles in the *New Masses* for June 9, 16, and 23, 1936, ("Who Backs the Black Legion?", "Henry Ford's Duke of Michigan," and "The Mysterious Dickinson, Stooze") try to show connections between Ford's and the Black Legion; the second one is devoted to Harry Bennett, head of the Service Department.

An important book cited in the notes is Spencer Ervin's *Henry Ford v. Truman H. Newberry* (1935), covering Ford's Senatorial campaign and after-charges. Irene Ellis Murphy's *A Study of Social Services Available for Handicapped People in the Detroit Area* is a mimeographed booklet published July 1936 by the Detroit Community Fund.

Official reports on Ford are due from the inquiries begun in May and June 1937. The McCrea-Liddy grand-jury investigation into the May 26 attacks on leaflet-distributors resulted in indictments, due to be tried in the fall of 1937. The National Labor Relations Board took evidence not only on the attacks but also on discrimination, intimidation, and company unions, and will issue findings. The LaFollette Senate civil-liberties committee made a preliminary investigation of Ford in 1937. Comment on Ford's relation to the vigilante movement appeared in the articles by Daniell in the *New York Times* at the end of June 1937 and those of Stolberg in the *Nation* in July. Shields wrote a series of articles on Ford in the *Daily Worker* in June and July.

Three recent publications in the series of which this study is one would perhaps be useful to the reader as background. At the close of 1936 *The Automobile Industry and Organized Labor* by A. J. Muste described the set-up of the big auto companies and their international character, and their industrial relations from 1933 up to the General Motors strike. This strike is covered in "Sit Down," by Joel Seidman, an L.I.D. publication which also takes up the history of the sit-down form of strike, its theory, methods, and legality. *Industrial Unionism and the American Labor Movement* by Theresa Wolfson and Abraham Weiss, in describing the split between the A. F. of L. and the CIO, describes the struggle over the industrial form of union organization for the automobile industry, already touched on in the first of these three booklets.

Two recent books which touch on Ford and which are highly recommended as background reading are Robert Brooks' *When Labor Organizes* (1937, \$3.00), and Leo Huberman's *The Labor Spy Racket* (1937, \$.35), a summary of the LaFollette committee testimony. See also J. R. Walsh's *C.I.O.* (1937, \$2.50).

## ADDITIONAL INFORMATION ON FORD WAGES

Ford's \$5-a-day rate of January 1914 was about double the going rate. As a matter of fact, the tight labor market of 1912-13 had already led the company to raise wages and reorganize its work classifications and cut hours from 10 to 9. But for 1913 its turnover was still 400 percent. The company used more machinery than others because of its belt methods and, to get the most out of this investment, the machines had to be used at the maximum rate. If work was to be speeded up, the company needed men who could stand the gaff. It got them by offering \$5 and the 8-hour day.

The new plan was announced as profit-sharing, and if hard times took away profits the rate was to go down again. Meanwhile the unskilled worker who had received \$2.34 was encouraged to think of the remaining \$2.66 of his present \$5 as his share of the profits. His overtime rate was based on the \$2.34. Moreover, some workers did not get the new rate. A married man not supporting his family was excluded, and so were all women workers. Single men under 22 who had no one to support were excluded, though later the rule was that they were to be admitted if, on investigation, they were found to be living wholesome lives. Investigation was a feature of the new system, aimed at creating model people with the virtues that Ford valued.

The new plan was efficient. It reduced absenteeism. It reduced quitting, since a Ford job was worth more than a job elsewhere. Moreover, if a man quit and did manage to get a Ford job again it was only by entering as a probationer. That is, he was not allowed to "share in the profits" till after six months. By 1915, the turnover had sunk from 400 percent to 33 percent. This facilitated the drive against accidents which the company undertook, and it succeeded in cutting them 90 percent in one year. Accompanying these changes, the company introduced a number of welfare measures—picnics, legal aid, etc.

A characteristic of such a minimum wage is that a large proportion of the employees are paid at the minimum. Highly skilled men usually start above the minimum. Also, some of those who start at the minimum gradually rise above it. But it has been Ford's custom to rehire these at the minimum after a layoff, so that the number at the minimum stays rather high. Thus, during 1914-18, inclusive, \$5 was the representative Ford wage, which, Ford stated, when it was introduced, was the least a family could live on. (It was enough, supposing that there were enough days work a year.) Unfortunately, prices doubled during these years. The Ford worker was thus no better off than in 1913—except that employment was easier to obtain because of the war and the worker could, if he were not drafted into the army, quit and, without much difficulty, find a job at higher wages. As a result of this situation, Ford raised its basic rate in January 1919 to \$6. In 1920 a Christmas-bonus system was added, as a sort of pay-rise in which length of service was a consideration, but it was shortly afterwards abandoned. An investment-certificate plan was begun, which is still in existence.<sup>1</sup>

In 1926 Ford was laying plans to reduce operations during most of 1927, in order to change from Model T to Model A. This process was to include laying off many workers and putting most of the others on short time. The company "turned a liability into an asset" by announcing to the world that it was going to introduce the five-day week and, in doing so, giving the impression that the weekly pay would remain the same. At that time Samuel Crowther quoted Henry Ford as saying in an interview that "the men, according to merit, will receive the same pay equivalent as for a full six-day week." The heading of this article read " . . . forty hours with no cut in pay." In fact, a few of the employees were

<sup>1</sup> For further information on 1914-20 see Levin, S. M., "Ford Profit Sharing, 1914-1920," *Personnel Journal*, vol. 6, pp. 75-86, 161-170, August and October, 1927.

raised 5 cents an hour. These lost only \$4 a week instead of \$6. On being pressed for an explanation of the Crowther interview, Henry Ford stated that he had only meant that he "would pay six days' pay for six days' work done in five days," but that "the men must earn the money first."<sup>2</sup>

In 1929, at the height of prosperity, Ford laid plans for increasing the basic wages. After the stock-market crash of October had made it clear that there was a business decline, President Hoover urged that industrial wage-rates be maintained, but Henry Ford scooped him by announcing a raise—to \$7—effective in December. This was almost as good publicity as the 1914 \$5 coup. Like others, Ford seems to have thought that the depression would not last long.

Companies which at first kept up rates began to cut them after a year or so, but Ford did not. In April 1931 "Henry Ford absolutely refused to consider or condone wage reductions."<sup>3</sup> Yet in November Ford's rate went down to \$6; in October 1932, to \$4.

In September 1933 some pay increases were given and in March 1934 the basic rate became \$5. The average wage was announced as \$5.92. In May 1935 the \$6 minimum was restored, with the result that in 1935-7 the weekly basic pay was \$30—the same as 1914, though the week was five days instead of six. The basic hourly rate had risen 20 percent between 1914 and 1935. The average hourly rate probably rose somewhat more. Meanwhile the Bureau of Labor Statistics' index of average wages per hour (excluding agriculture) had risen 103 percent (partly because wages in general had further to go than Ford wages, whose rise was concentrated in 1914).

In 1935-37, also, general wage-rates rose rapidly while the Ford basic rate stood still. In the fall of 1936, the auto industry generally—but not Ford—announced both Christmas bonuses and raises, more with a view to heading off unionization than to avoid the new undistributed-profits tax. In February 1937 Ford stated its average rate to be \$.83 an hour. The average for the whole industry (including the lower-paying parts plants) was \$.817. Strikes early in 1937 raised the industry's wages still further, and Ford was left behind. In June its average was about \$.86, the industry's \$.90.

At that time, Ford foremen told their men that raises were in the offing, if there was no "monkey-business about unions," and Henry Ford issued a statement to that effect.<sup>4</sup> On July 6 nearly everyone was raised 5 cents an hour, and on July 7 the company was able to state that in the Detroit district the average was \$.9075.<sup>5</sup> The company announced that, after the summer layoffs, men would be recalled from furlough rather than rehired, thus holding out hope that the \$.9075 average and the small number at the minimum rate would be maintained and not spoiled by taking men back at starting rates, as had been done in the past. After the layoff the company in a letter to the writer said that it could not give information as to whether the July 7 figures still represented the situation. If they did, a Ford worker—in order to be able to buy as much as the basic-pay 1914 employee—would have had to earn a little over the average, and work a sixth day besides.

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<sup>2</sup> Quotations are respectively from *World's Work*, October 1926, and *New York World*, Nov. 7, 1926, both quoted in Dunn, *Labor and Automobiles*, p. 97.

<sup>3</sup> *Wall Street Journal* quoted in *Detroit News*, April 28, 1931.

<sup>4</sup> *Detroit News*, April 10, 1937.

<sup>5</sup> *New York Times*, July 8, 1937. There were raises at assembly plants, too, where unionism was making considerable progress. Supplemented by information in a letter from the company to the writer, the *Times* data show 8,290 getting over \$1 an hour; 5,431 \$1; 11,450 \$.95; 29,464 \$.90; 22,532 \$.85; 4,134 \$.80; and 5,598 \$.75. The industry-averages are those reported by the U. S. Bureau of Labor Statistics. Ford's June average (above) is estimated by subtracting \$.0475 of the \$.05 raise from the July average announced by the company.

